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Advanced Management

MODERN MANAGEMENT

Report to Members
1949 - 1950

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  - *Business Contact Groups*
  - *Professional Contact Groups*
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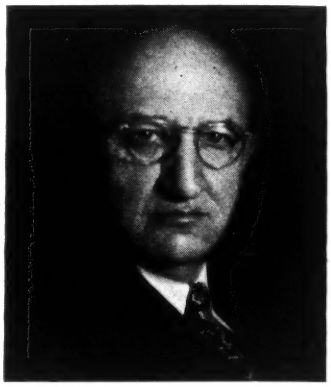
- *Firm Members*
- *Coordinating Manufacturing with Sales*

JULY 1950

NATIONAL OFFICERS 1950-1951

DILLARD E. BIRD
President

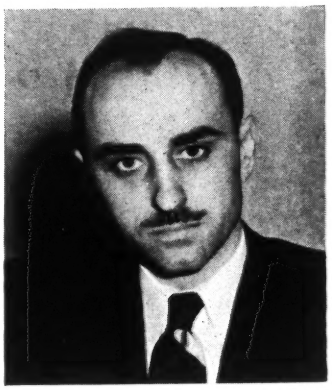
LEON J. DUNN
Executive Vice President



CHARLES C. JAMES
Director-at-Large

"... inspired by the conviction that in our economy only those enterprises can endure in the long run which conduct their operations through plans and methods which eliminate waste of human and material energies; which meet a genuine economic need as determined by careful analysis of markets; and which encourage highest productive effort through sound human relations."

BRUCE PAYNE
Treasurer



HOWARD K. HYDE
Secretary

HARRY M. HOPKINS
Vice President,
Chapter Operations

HAROLD F. SMIDDY
Vice President, Management
Research and Development

RALPH L. JACOBS
Vice President,
Student Chapter Operations

Volume XV Number 7

July 1950

Editor
ROBERT B. ROSS

Consulting Editors
DON F. COPELL ORDWAY TEAD
JOHN F. MEE

Advanced Management

NATIONAL OFFICERS: 1950-51

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Executive Vice President — LEON J. DUNN, *Assistant to Vice President, Veeder-Root, Inc., Hartford, Connecticut*
Secretary—HOWARD K. HYDE, *Department of Defense, Washington District of Columbia*
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Vice President, Management Research and Development — HAROLD F. SMIDDY, *Vice President and General Manager, Chemical Department (Pittsfield, Massachusetts) and General Manager, Air Conditioning Department (Bloomfield, New Jersey), General Electric Company*
Vice President, Student Chapter Operations and Development—RALPH L. JACOBS, *Management Consultant, Cincinnati, Ohio*

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ORDWAY TEAD, *Editor of Social and Economic Books, Harper & Brothers, New York, New York* (1936-37)
WILLIAM H. GESELL, *Vice President, Lehn & Fink Products Corporation, Bloomfield, New Jersey* (1937-39)
MYRON H. CLARK, *Management Consultant, Boston, Massachusetts* (1939-41)
J. KEITH LOUDEN, *Vice President and Assistant to the President, York Corporation, York Pennsylvania* (1941-42)
PERCY S. BROWN, *Retired New Hampton, New Hampshire* (1942-44)
RAYMOND R. ZIMMERMAN, *Vice President, Trundle Engineering Company, Washington, District of Columbia* (1944-46)
HAROLD B. MAYNARD, *President, Methods Engineering Council, Pittsburgh, Pennsylvania* (1946-47)
WILLIAM L. MCGRATH, *President, The Williamson Heater Company, Cincinnati, Ohio* (1947-48)
CHARLES C. JAMES, *Associate Counsellor, Stevenson, Jordan & Harrison, New York, New York* (1948-49)
DILLARD E. BIRD, *Management Counsel, 84 William Street, New York, New York* (1949-50)

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PRINCIPLES vs. TECHNIQUES

TODAY most everyone is facing problems which must be solved *today*. In addition to today's problems which must be solved before we go home tonight, we also have problems on our desks which must be solved tomorrow and the next day and the next. Then if we are forward looking at all we can see the possible problems of the future and we know that they too will require solution.

Seldom do these problems appear singly or in any orderly fashion. They have a tendency to come in bunches, to "pile up" on us, partly because we fail to anticipate them and to develop adequate solutions when they face us.

If we are conscientiously interested in our work, at whatever level of management we may be, we feel the pressure of these problems and we look around hurriedly for some "ready made" solution. I think most of us will agree that this age in which we live, the high speed of our business, and social life, the necessity of making decisions rapid-fire in everything we do, many times causes us to seek a panacea to answer all of our problems. We seek short cuts. We look at the plant across the street, and we observe that there is an incentive system which has increased productivity, the workers' earnings are higher than before its installation, and everybody is happy. Then we discover a safety program that has done wonders for a local company. We look for and find a ready made suggestion system and we learn of the salutary effect it had in the plant of one of our competitors. We observe a production control system which is functioning effectively in a neighboring plant.

If it appears that one of these systems will solve a problem for us, then some of us make the installation without any adaptations to fit the needs of our particular situation.

We must agree the probabilities are that in at least 50% of the cases a duplication of the device used by a friend, neighbor, a competitor or a total stranger, without adaptation to our situation, will not produce the same results for us that it brought to him.

Why do we continue to do this? We know better. The answer is simple. We are looking for short cuts, for a ready-made plan which will solve one or all of our problems.

Some of us, of course, are much more scientific. We search for a device which will answer our problems and then very carefully study the plan in relation to our own situation and adapt the device to the needs of the particular situation. The chances of the device proving successful under such conditions are greatly enhanced by the careful adaptation of the plan and its installation in such a way as to permit it to function with maximum effectiveness in the situation. But the failures even here will be too high.

WHY? Because we are giving too much attention to methods and techniques and insufficient attention to principles. If a method or technique produces good results for a company it is because that method satisfied the principles which apply in that particular situation. It is not because of any aura of glory or mysterious power which surrounds the particular device. Effective methods and techniques are not figments of fertile imaginations drawn from thin air but are the result of long and studied analyses of a particular situation or kind of situation, and the principles which apply. Methods and techniques worthy of the name are simply specific adaptations and applications of principles, or rules of action which govern, in the particular situation at hand.

It seems to me the time has come when we must recognize that if we are to develop satisfactory answers to our problems we must:

(1) *Develop first hand knowledge and complete familiarity and understanding of all things related to the field in which we are operating,*

(2) *Know how and be able to analyze a problem and develop an effective solution,*

(3) *Have the ability to apply the principles which we have gleaned from our knowledge of the field.*

From each successive solution developed and applied we must be able to draw conclusions and new adaptations of principles or to discern new principles as they develop.

If we are to advance the science of management we must lend our efforts toward the full development and implementation of principles as the rules of action by which we must be governed in seeking answers to the problems of today and tomorrow. Attention to principles will insure the development of effective methods and techniques and their proper utilization.

DILLARD E. BIRD

Editor's Note

It should be of interest to all Society members to know that our President, Dillard E. Bird, is the first member of an SAM Student Chapter to become National President of the Society.

He began active participation in the affairs of SAM as a student member of the Ohio State University Student Chapter back in 1937. The advisor of that chapter, at that time, was Professor Ralph C. Davis, one of the outstanding educators in the field of management today. One of his fellow members in the Chapter was John F. Mee, now Professor of Management at Indiana University and Assistant Vice President of SAM's Research Division.

Mr. Bird then transferred his interest to the Cincinnati Chapter and shared in its revitalization. He served the Cincinnati Chapter as Committee Chairman, Secretary, Vice President, President and National Director. This experience gave him detailed first-hand knowledge of the Chapter point of view.

He then served as National Vice President in Charge of Chapter Operations and Development for two years. As Executive Vice President he learned the National picture so that the survey which he has completed of the Society's operations in each of the local Chapters and at the National level has been based on a background of experience in each of the facets of operations surveyed. An analysis of two years of the reports made to the Chapter Performance Award Plan enabled him to write the Chapter Operations Manual. This Manual details the essential elements of successful chapter operations.

The Chapter Operations Manual and the standards which it established have proven extremely useful as criteria in evaluating performance of chapters of the Society and their functioning during the year.

The year just closed, during which President Bird served the Society full time, permitted him to visit practically all of the regular chapters of the Society and many of the Student Chapters. This is the first time that a President of the Society has ever established personal contact with members on such a nation-wide scale.

The President's Annual Report

1949 - 1950

By DILLARD E. BIRD

National President, Society for Advancement of Management

A Management Society's management reports to its members. The fiscal year 1949-50 is brought into perspective by the national president. This outline of past achievement and future plans characterizes the spirit of progress that guides the Society.

OUR Society has experienced another year of high level attainment. This high accomplishment of the last year has been in terms of continued advancement of the science of management. Definite progress has been made toward the full achievement implied in the lofty standard established by the founders of our Society back in 1936.

> "Management will earn the rank of a science, and managers will earn the right to be true professionals, only when they view their labors as ministering to the Society and to the social good in the long look."

A great deal of progress has been made toward informing management generally that our Society is not limited in either interest or coverage to any one function, but that it is interested in all functions of management (production, distribution, finance, human relations, industrial engineering, and general administration), and in all responsible levels of management.

The year just ended presented many problems to business and to our Society. Full recognition of the problems to be solved during the year prompted your President to give to the Society a year of his time without pay. During the year just passed the President functioned in a dual capacity, carrying the responsibilities of President and Executive Director. This made possible a year of full-time leadership by the elected head of the organization, the saving of the Executive Director's salary for the year, and a comprehensive survey by the President of Chapter activities and functions. The net result has been the accumulation of a wealth of information about the strengths and weaknesses of the various chapters and their operations in the areas they serve, and the conditions throughout the country which we face in spreading the philosophy of SAM and the objectives and principles for which it stands.

ORGANIZATION

The organization manual developed under the leadership of W. L. McGrath, President 1947-48, was reviewed and after some revision was continued as the basis for organizing for the year just completed, 1949-50.

The staffing of the vacancies existing

Executive Committee and Board of Directors 1949-50

Guy B. Arthur, Jr.	Atlanta	H. K. Von Kaas	Milwaukee
Dwight P. Jacobus	Baltimore	Hugh J. Vallance	Montreal
James A. Waldsmith	Baton Rouge	Z. A. Coles	Nashville
Richard J. Stockham	Birmingham	*Albert H. Kuhn	New Haven
James W. Robertson	Boston	*Dr. Francis F. Bradshaw	New York
William E. Sides	Bridgeport	Richard M. Dorian	New Jersey
*Paul J. MacCutcheon, Jr.	Central N. Y.	M. R. Lohman	Oklahoma City
J. Orvis Keller	Central Penna.	*Robert I. Miller	Philadelphia
Norbert G. Rennicke	Chicago	*Haylett B. Shaw	Pittsburgh
*Harry M. Hopkins	Cincinnati	Arnold R. Dahlstrom	Providence
*Robert C. Rick	Cleveland	Thomas L. Johnson	Richmond
Charles K. Pressler	Columbus	Frank G. Japha	St. Louis
Harry S. Zane, Jr.	Dallas	A. E. Werolin	San Francisco
Frederick C. Smith	Dayton	Robert F. Mutschler	South Jersey
Wm. F. S. Dowlding	Detroit	*Weldon P. Monson	Stamford
Chas. O. Duevel, Jr.	East. Conn.	Blaine C. Strimple	Toledo
F. M. Holmes	Greensboro	*Joseph R. Ryan	Trenton
Garland C. Martin	Hartford	Harry O. Voorhees	Twin City
J. T. Elrod	Houston	*Howard K. Hyde	Washington
Paul C. Lawson	Hudson Valley	George P. Eaton	Western Mass.
Neil D. Skinner	Indianapolis	Dr. Victor C. Rogers	Wilmington
R. B. Shrigley	Jacksonville	*Harry A. Dorsey	Worcester
K. R. Kaiser	Knoxville		
*Herbert J. Quigley	Lancaster		
James M. Mills	Los Angeles		
Harrison C. Blankmeyer	Louisville		

*Dillard E. Bird, President
*Wm. W. Finlay, Exec. Vice President
*Leon J. Dunn, Secretary
*Phil Carroll, Treasurer
*Chas. C. James, retiring president

*Members of Executive Committee

in administrative and staff positions as well as in committee assignments was accomplished only after careful consideration of the talent available within the Society. The meetings with the officers, both elective and appointive, were invaluable to your President, both from the standpoint of this year's organization and operations, and also in the further development of the long range objectives of the Society and the methods by which they can best be obtained.

The new officers met with the newly elected National Directors for the first time on June 25, 1949. At this meeting the Board approved the appointments of the Executive Committee presented by the President. The National Officers, National Directors of the Chapters, and the Executive Committee are shown on page 3.

ADMINISTRATION

The Board of Directors met seven times during the year, all of these meetings being held in New York. The Executive Committee met four times. All of the Board and Executive Committee meetings were held on Saturday morning except the final Board Meeting of the year, which was held on Friday evening, June 2, 1950 following the completion of the first day of the Chapter Conclave.

THE EXECUTIVE COMMITTEE

Unfortunately it was not possible to obtain as wide geographical representation on the Executive Committee as your President had hoped for. National Directors were invited to serve on the Executive Committee from all over the country. It was necessary to impose one condition in writing Directors to serve on the Committee, and that was "regularity of attendance at Board and Committee Meetings." However, with the exception of the National Directors from Cleveland and Cincinnati, Directors located South of Washington and West of Pittsburgh did not feel that they could serve because of the time or expenditure of money which the acceptance of this responsibility would entail.

Each of the Officers and committee members who were not only faithful in attendance but who offered many valuable suggestions and constructive criticisms, contributed a great deal to the development and administration of the program for the year. The Society owes a debt of gratitude and the President his appreciation for the unselfish expressions of interest in the Society so apparent in the personal sacrifice which these individuals made.

Every effort was made during the past year to keep the National Officers and Directors as well as Chapter Officers and the membership in general fully informed on those phases of the Society's activities in which they would have a particular interest. Every attempt was made to stimulate the flow of ideas from Chapters and from individual members. The Officers are grateful indeed for the excellent contributions which were made by many of the Chapters and numerous individuals during the year.

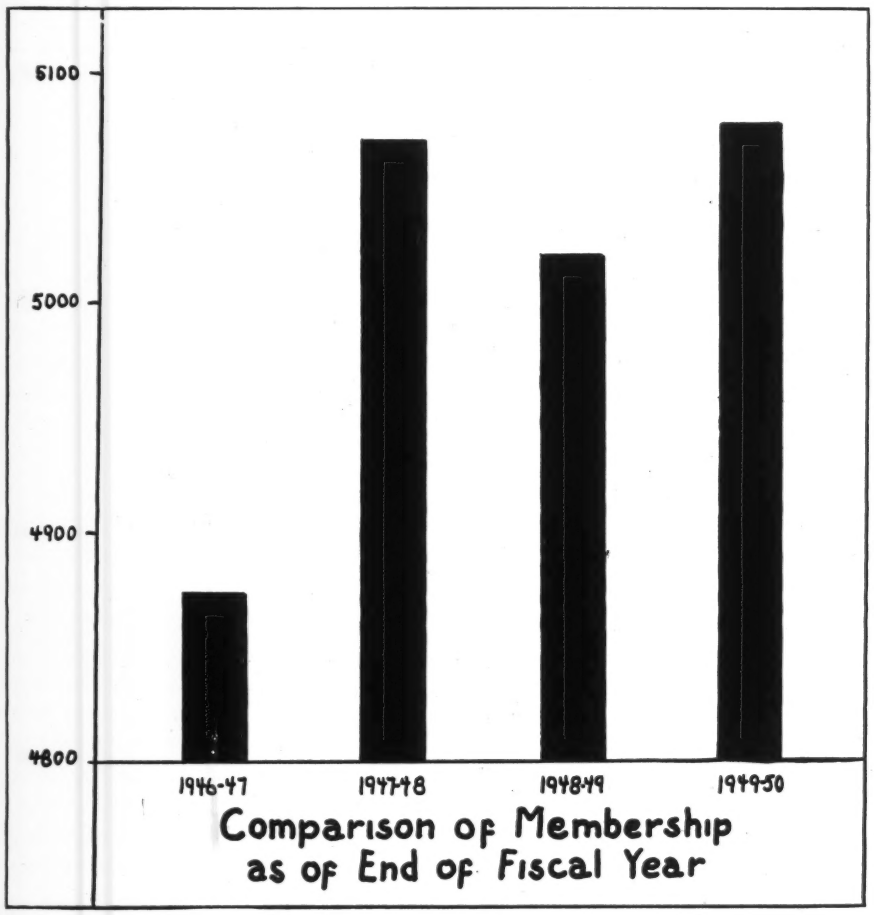
CHAPTER OPERATIONS

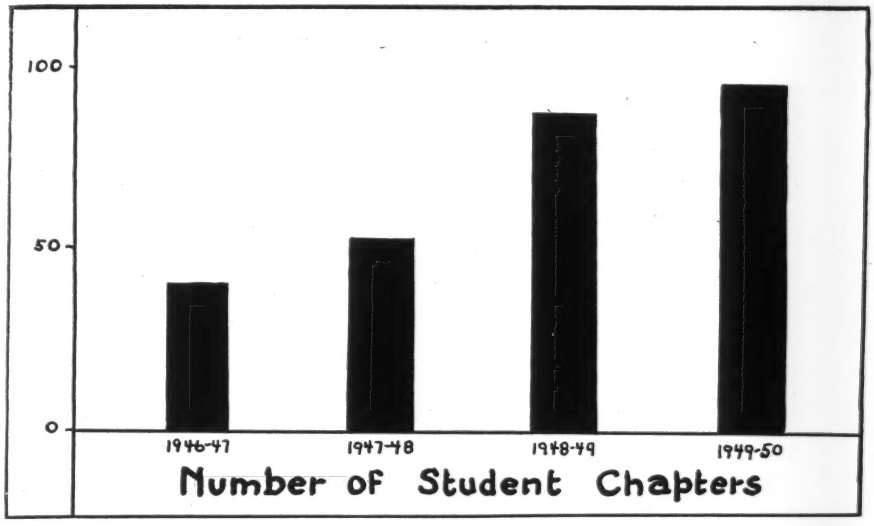
The Vice President of Chapter Operations, H. A. Cozzens, Jr., has contributed a great deal through his efforts in the field of membership and membership relations during the past year. A continuous study has been made to determine the causes of membership losses and to find ways and means of retaining the interest and membership of all those who are currently affiliated with the Society. It has been the task of the Vice President—Operations to review for the Board all applications for membership in the Society and to guide the Officers and the Board in decisions affecting membership standards and requirements and policies.

As an additional function Mr. Cozzens has accepted the responsibility for reception at the Society's two annual conferences. The effective arrangements which he has developed and the manner in which they have been carried out have added a great deal to the success of the Conferences, as well as making a marked contribution to the spirit of good warmth and friendship which it is so important we engender in our relationships at all times.

STUDENT CHAPTERS

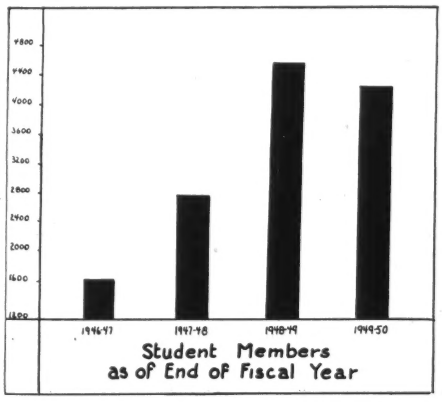
The Student Chapter Division was headed again this last year by Ralph L. Jacobs, who has continued his diligent





work among the colleges and universities in an effort to maintain the high level of enthusiastic interest which has developed among business students over the past several years. During this last year 13 new chapters have been developed. In the list of student chapters which appears below, the new chapters are indicated by an asterisk.

The charts shown on this page indicate the growth in number of chapters over the past four years and the membership count from year to year.



The President visited more than 21 student chapters during the past year. Too much cannot be said for the contribution which the Society is making through its efforts to do something for its student members. It was interesting to note the care and attention which is given to details and the effective business-like manner in which most of these student chapters conduct their affairs. The spirit among our student members is outstanding. Their level of achievement is high. Their interest in the Society is strong.

As your President, I would be failing in my responsibilities if I did not urge each chapter and each regular member of the Society to do everything possible for these young men who are currently advancing their own knowledge of the science of management and who will be leaders in our world of tomorrow.

A word of commendation is also due the faculties of the schools of business and the schools of industrial engineering on the manner in which they cooperate in many instances in sponsoring a student chapter of our Society on their campus. The cooperation of these faculties and the spirit of cooperation

STUDENT CHAPTERS

Alabama Polytechnic Institute
American University
Antioch College
Babson Institute
Boston College
Boston University
Bucknell University
Carnegie Institute of Technology
Case Institute of Technology
City College of New York
Clarkson College of Technology
Columbia University
De Paul University
Drexel Institute of Technology
Duquesne University
Geneva College
George Washington University
Georgetown University
Georgia Institute of Technology
Golden Gate College
Hofstra College
Hudson College (St. Peter's Bus. Coll.)
Illinois Institute of Technology
Indiana University
Johns Hopkins University
Kent State University
Lawrence Institute of Technology
Los Angeles State College
Louisiana Polytechnic Institute
Louisiana State University
*Loyola University (New Orleans)
McGill University
*Manhattan College
*Michigan State College
Mississippi State College
Montana State College
New Haven YMCA Jr. Coll.
New York University
Newark College of Engineering
North Carolina State College
Northeastern University
Northwestern University
Ohio State University
Oregon State College
Pennsylvania Military College
Pennsylvania State College
Purdue University
Rensselaer Polytechnic Institute
Rhode Island State College
Rutgers University (New Brunswick)
Rutgers University (Newark)
St. Johns University
St. Joseph College
*St. Louis Institute of Technology
Seton Hall College
Southern Methodist University
Syracuse University
Temple University
Texas A & M College
*Tulane University
University of Alabama
*University of Arkansas
University of Baltimore
University of Bridgeport
University of Buffalo
University of California (Berkeley)
University of California (Los Angeles)
*University of Chattanooga
University of Connecticut
*University of Dayton
University of Florida
*University of Georgia
University of Houston
University of Illinois
University of Kansas
University of Louisville
University of Maryland
University of Minnesota
*University of Mississippi
University of North Dakota
*University of Oklahoma
University of Pennsylvania
University of Puerto Rico
University of Richmond
University of Southern California
University of Tennessee
University of Toledo
University of Wisconsin
*Washington University
Western Reserve Institute
*William & Mary College
Woodbury College
Yale University

*Added during 1949-50

which it engenders among the students of the two schools augurs well for the cooperation which will exist between these two fields of management in the business world in which they will soon find their places.

NEW CHAPTER DEVELOPMENT

The President visited the following areas to lay the groundwork for the development of a chapter of our Society.

Charleston, W. Va.
Manchester, N. H.
Shreveport, La.
New Orleans, La.
Huntington, W. Va.
Duluth, Minn.
Omaha, Nebr.
Chattanooga, Tenn.
Memphis, Tenn.
Buffalo, N. Y.
Phoenix, Ariz.
Portland, Ore.
Seattle, Wash.
Spokane, Wash.
Salt Lake City, Utah
Denver, Colo.
Wilkes-Barre, Pa.

One new chapter has resulted from these visits and a charter issued. New Orleans is the chapter to which reference is made here. The Society is proud of its newest chapter and with the leadership so apparent in the group New Orleans will be well represented in the family of SAM chapters.

Other chapters are in the stages of formation. Additional contacts have been made in 23 other cities where there is sufficient business and industry to support a chapter and where no chapter now exists. There have been several requests in recent months spontaneously from areas that are interested in having some National officer assist them in the Development of a chapter in their area during the coming year. The change in Board policy which took place in the past year will safeguard the professional level of SAM's membership and will prevent the establishment of Chapters in areas where conditions are not favorable at the moment.

IMPORTANT POLICY CHANGES

1. *April Elections for Chapter Officers.*
   At the request of the Board, Chapters agreed to hold their elections in April. Such timing of local chapter elections makes it possible for new officers to begin work earlier and make much more rapid progress after the beginning of the New Year (July 1). April elections make possible compliance with the National By-Laws which require that each Chapter report its new officers to National headquarters by May 1. This provision is necessary if National headquarters are to be prepared for the New Year. Chapters have reported a highly successful experience with this year's April election dates.
2. *National Directors to be elected by Chapters for three-year terms.* The Board acted to request Chapters to elect National Directors for a three-year term, this to be accomplished over a period of three years. This will mean that when formerly practically the whole Board has changed each year, from this point forward only one-third (approximately) of the Board will change each year, thereby giving much greater continuity to leadership and participation on the National Board. The Board urged the Chapters to select a National Director who "is interested, willing, and has the time and facility to serve."

Proposed Amendment to By-Laws

In accordance with Section X of the S.A.M. By-Laws, which requires any proposed amendment to the By-Laws to be published in a general publication of the Society, Advanced Management *publishes herewith the revisions noted below:*

"Be it resolved that Article III (Annual Dues) of the By-Laws be amended as follows: Annual dues shall be payable in advance as follows:

	Resident USA and Canada	*Elsewhere*
Member	$20.00	$10.00
Associate Member under 30 years of age	10.00	5.00
Associate Member 30 years of age or over	20.00	10.00
Firm Member (For minimum of two representatives)	40.00	20.00
Additional Firm Representatives	20.00	10.00
Student Member (see below)	5.00	——

From July, 1947, the annual dues of Student Members shall be fixed by the Board of Directors but such dues shall not be fixed in amount greater than $5.00.

A new member shall pay the full initiation fee and full annual dues at the time of application. Any unexpired portion of dues shall be credited to the member's account against annual dues for the succeeding fiscal year.

The Committee also approved the inclusion of the following resolution in the minutes:

Be it resolved that: Each Associate Member who has the qualifications for Full Membership shall be billed at the Full Membership rate on the next anniversary billing date even though the Associate may prefer to retain Associate Member status.

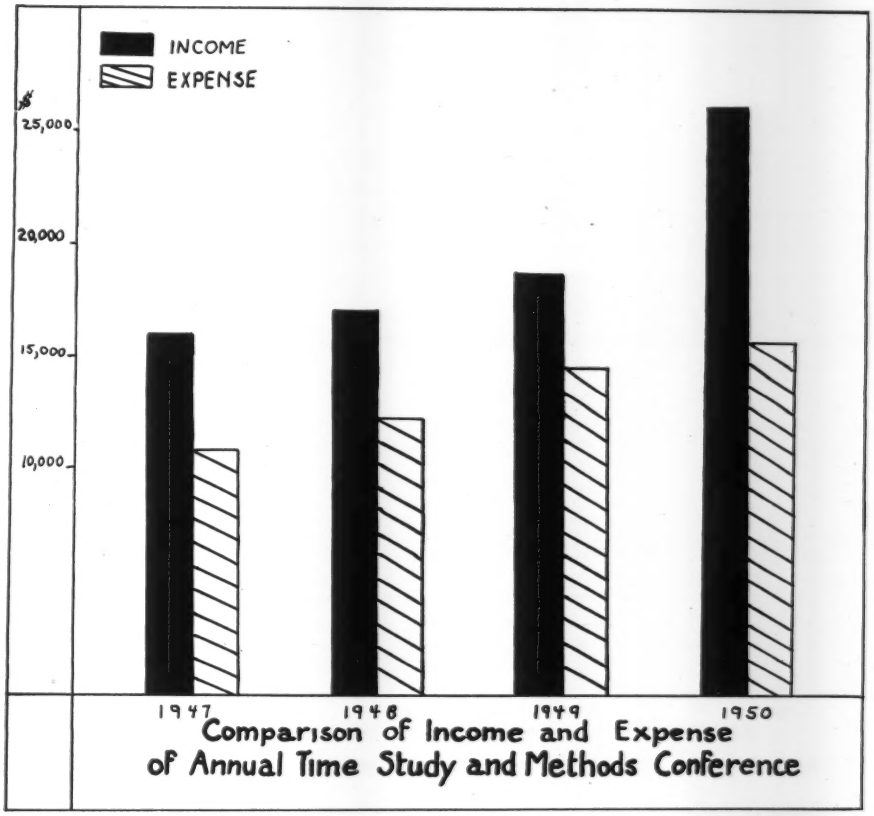
That Section 4A of the By-Laws be amended to read as follows:

With the approval of the Board of Directors a group of not less than 25 members in any location may organize a local or student chapter, under conditions prescribed by the Board of Directors.

NATIONAL CONFERENCES

Two National Conferences have been held during the past year. Each of the Conferences has been highly successful from the standpoint of attendance and program as well as profitable from a financial standpoint to the Society.

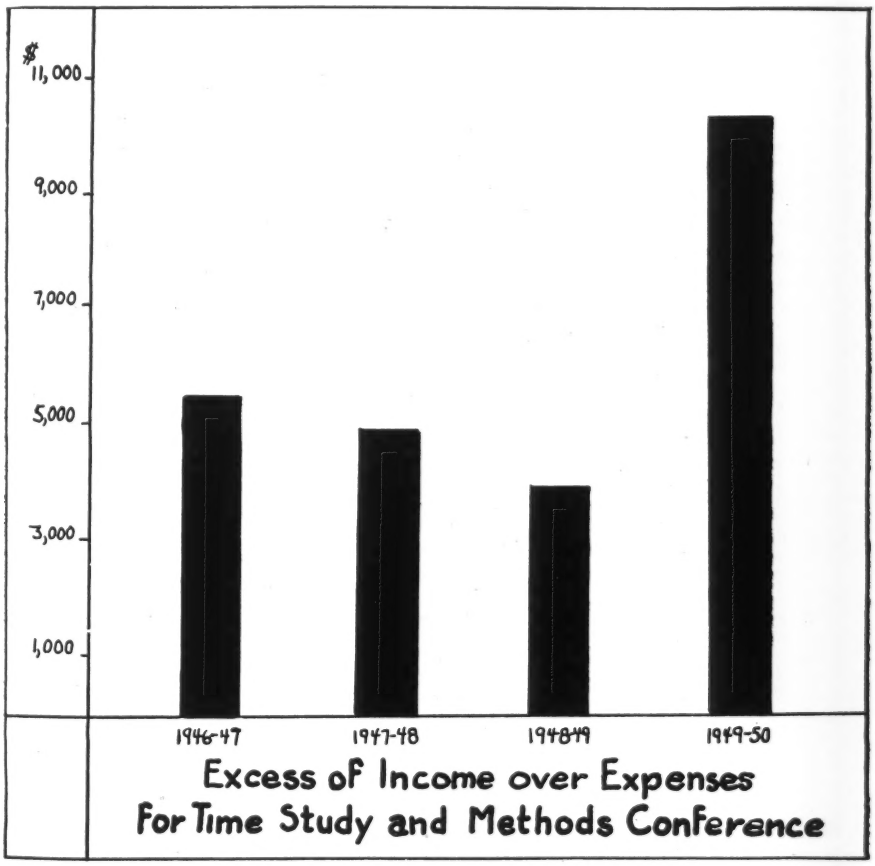
The Annual Conference was held at the Hotel Statler in New York on November 3 and 4, 1949, with 921 people in attendance. Many patriarchs of the Society said the program was most outstanding and set an all-time high. In addition to the speakers and the effective messages which they delivered, the speakers' table at the annual dinner was graced by the Honorable Herbert Hoover, former President of the United States, and Cyrus Ching, Director of the Federal Mediation and Conciliation Service. The presentation of awards made to these gentlemen was televised over the entire NBC network. This Conference netted a profit of $292.93.



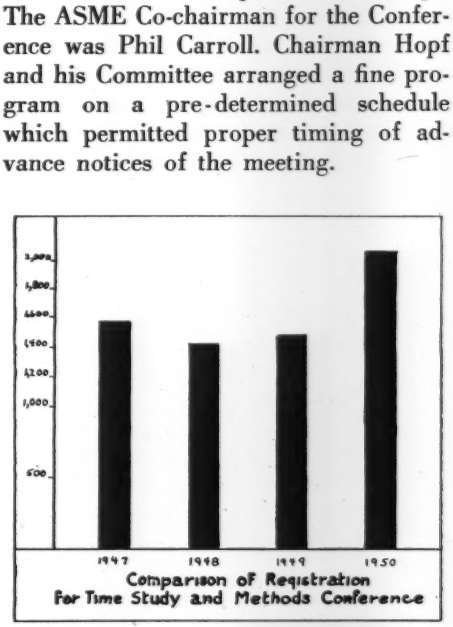
Comparison of Income and Expense of Annual Time Study and Methods Conference

TIME STUDY & METHODS CONFERENCE

The Fifth Annual Time Study and Methods Conference was held at the Hotel Statler in New York on April 20 and 21, 1950. This Conference was under the Chairmanship of Milton Hopf. The ASME Co-chairman for the Conference was Phil Carroll. Chairman Hopf and his Committee arranged a fine program on a pre-determined schedule which permitted proper timing of advance notices of the meeting.



Excess of Income over Expenses For Time Study and Methods Conference



Comparison of Registration For Time Study and Methods Conference

The National Office built a mailing list for this conference which totaled 25,000. Through the use of this mailing list and the attractiveness of the pro-

gram with the proper timing of effective publicity releases, the largest conference ever held in the Society's history resulted. Registrations numbered 2037. The net profit resulting from this conference was $10,417.74.

OTHER CONFERENCES

The regional and chapter conferences listed below were held during the year 1949-50.

All of these conferences combined to make a marked contribution to the advancement of sound management thinking in all areas of the country touched by these activities.

TRIPS AND SPEECHES

During the past year, the President traveled nearly 45 thousand miles, covering the country from coast to coast and from Florida to Washington state.

On these trips, he made 91 speeches to a variety of groups including: the National Wholesale Druggists Association, the Industrial Supervisors Conference of New Hampshire, the National Conference of Industrial Management Clubs in Richmond, the Niagara Frontier Society in Buffalo, the Cleveland Management Clinic, a number of engineering societies, public administration groups, Kiwanis and Rotary Clubs. In addition, he addressed S.A.M. senior chapters, student chapters and groups interested in forming a chapter of the Society.

This program of active public relations has brought about a wider knowledge of the Society and its aims through the country, and has renewed the enthusiasm of Society members.

REGIONAL CONFERENCES

CHAPTER	CONFERENCE	DATES
Atlanta	Materials Handling & Control Conference	March 14
Boston	Work Simplification Conference	March 2
Bridgeport Eastern Conn. Hartford New Haven Stamford	Fourth Annual Conference	Sept. 22
Chicago	Fall Training Conference	Oct. 13-14
	Management & Personnel Conference	Feb. 2-4
Cincinnati	Pension Conference	March 29
Cleveland	First Annual Management Clinic	May 16-17
Detroit	Second Annual Management Clinic	June 8-9
Greensboro	Materials Handling Conference	April 21
Indianapolis	"Meeting Competition in 1950"	Dec. 14
	"Human Engineering in Management"	April 26
Lancaster	Annual Conference	March 3
N. New Jersey	Cost Reduction Conference	Oct. 28
	Industrial Relations Conference	April 7
Philadelphia South Jersey Trenton Wilmington	Second Annual Regional Discussion Conference	Dec. 2
Pittsburgh	Management Controls Fall Conference	Nov. 10
	Labor Relations Conference	March 16
St. Louis	Methods Improvement & Work Measurement Clinic	April 17-18
Twin City	Eighth Annual Industrial Relations Conference	March 23-24
Washington	Spring Working Conference	April 19-20

CHAPTER PERFORMANCE AWARD

EACH year the Harrington Emerson Trophy is awarded to the chapter most effectively forwarding the interests of the Society by its program and activities. Reported accomplishments are evaluated in terms of points, and this year's eleven-month totals promise a tight race for possession of the Trophy for 1949-50.

The May 31st figures showed less than 100 points separating Cleveland and Washington chapters, the leading contenders, while Philadelphia trails by some 800 points in third place. These figures are not final since June accomplishment claims and annually-pointed material have yet to be counted.

Point scores are consistently higher this year throughout the chapters, suggesting more chapter activities and greater interest in reporting them. The totals have already topped last year despite the fact that most chapters got off to a slow start with minimum credits for July and August, 1949.

This year's leader, Cleveland, ranked 18th in monthly points last year. Washington and Philadelphia again hold the number two and three spots, while Pittsburgh, last year's trophy winner, is currently fourth.

In addition to the competition for the Emerson Trophy, chapter performance award material coming to the National Office has another important function. The information gives the National Office a panoramic picture of what is being done by the chapters and points up their effectiveness.

Several minor changes have been made in the Chapter Performance Award Plan manual to simplify and clarify its rules. The changes, voted by the Award Plan Committee, are currently being made by the National Office and a copy of the revised manual will be mailed to each chapter as soon as it is ready.

AWARDS COMMITTEE

The administration of awards policy during the past year was under the able direction of our Secretary for the year, Leon J. Dunn. Under his leadership all

of the award committees functioned effectively. The Awards Policy Committee under Mr. Dunn's leadership made a marked contribution to the Society during the past year. The awards listed below were made.

NATIONAL OFFICE SERVICES

A NUMBER of economies were put into effect during the past year in the service of the National Office to Society members. Installation of a mimeograph and complete Robotyper equipment have made possible the preparation and distribution of several mailings formerly done by mailing houses.

A total of 750 copies of the *Student Newsletter*, averaging 35 pages per issue, are sent each month to student chapter officers, coordinators, faculty advisors and to the national directors of senior chapters. Formerly prepared by a duplicating service, it is now mimeographed by the National Office and mailed directly. Savings on the *Newsletter* alone amounted to $1,400.00 for the year.

Circular letters to the membership are mimeographed in the office and mailed directly at considerable savings.

Bills for yearly dues were formerly sent out by a mailing house. This operation has been absorbed by the National Office.

CONFERENCE PROMOTION

Inserting and mailing of conference programs and flyers to a mailing list of 25,000 was handled by the National Office Staff this year. This list has been converted to stencils for permanent use in membership and conference promotion. The building of this list and its conversion to stencils by the staff saved the Society over $2,000.00 and will not be a recurring cost.

Letters and circulars to promote membership, advertising, subscriptions and sale of conference proceedings have been prepared and mailed. On each such job, the cost to the Society has been only 25% of the estimates submitted by outside agencies.

For purposes of research, questionnaires and explanatory letters were mailed to each member of the Society on January 23, 1950. Answers are still coming in and are being tabulated.

The *Organizational Manual*, formerly processed by a letter shop, is this year being done in the National Office.

These additional services have more than doubled the amount of mail handled in the National Office. Approximately 2850 pieces of mail are received each month for a year's total of 34,200. Outgoing mailings have numbered nearly 132,000, bringing the total of mail handled this year to more than 166,000 pieces.

The additional work which has been done during the past year by the National Office Staff has resulted in savings considerably in excess of the expenditures for equipment made during the past year. This is true in spite of the fact that the promotional work of the Society has been stepped up 50% during the past year.

STAFF EFFECTIVENESS

The National Office Staff has been most cooperative and helpful. A realignment of duties and responsibilities coupled with the cooperation and teamwork of the Staff have made possible a significant improvement in the functioning of the National Office. Many letters are on file testifying to the improvements in National Office operations which have been in evidence during the past year. The highly efficient manner in which the *1950 Time Study and Methods Conference* was conducted and the financial results obtained are an outstanding example of this increased effectiveness.

The staff deserves our gratitude and appreciation for their conscientious effort to improve the quality of service rendered and to extend this service wherever possible.

FINANCIAL DATA

The tangible results of the activities described in this report are reflected in the following charts.

It is significant that, in these days of rising costs, our expenses have been kept under control. This has been achieved by careful planning and whole-hearted cooperation on the part of all concerned. It is noteworthy to mention again the fact that many activities were expanded and increased in effectiveness during the period when expenses were being reduced.

Of particular importance to the Society's plan for building a substantial

Awards Presented at Nov. 3, 1949 National Conference:

TAYLOR KEY	Herbert Hoover
HUMAN RELATIONS AWARD	Cyrus S. Ching
GILBRETH AWARD	J. Keith Louden
EMERSON TROPHY	Pittsburgh Chapter

CHAPTER MEMBERSHIP KEYS

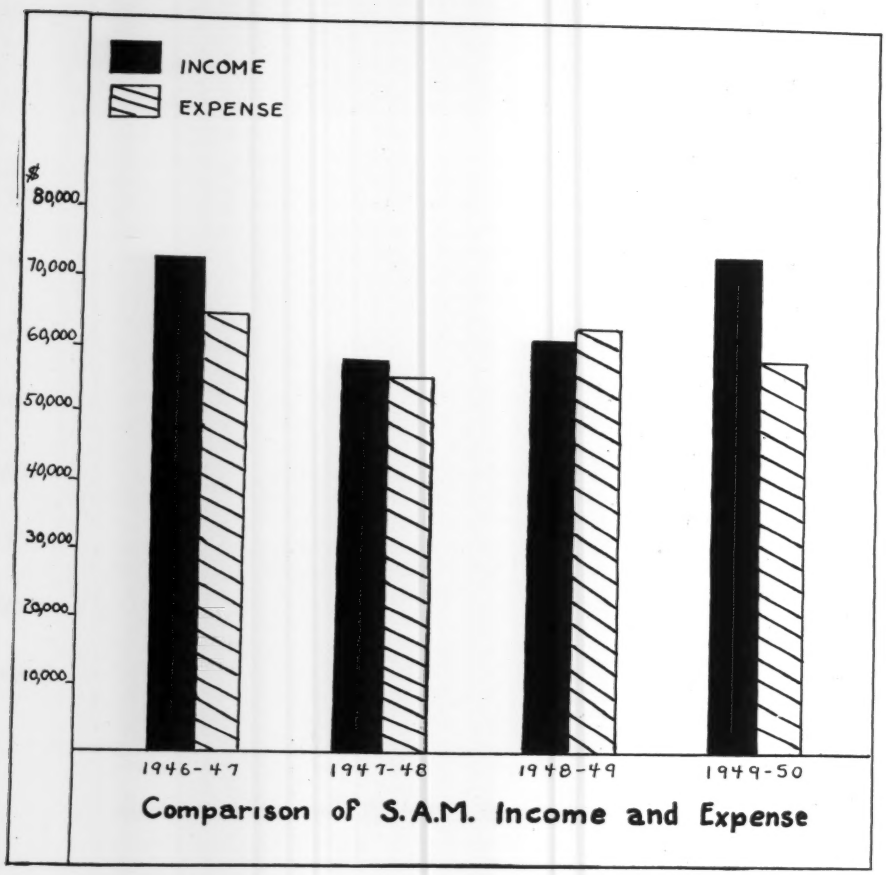
largest numerical increase — Chicago (Russell E. Q. Johnson)
largest percentage increase — Chicago (Joseph W. Towle)
largest numerical increase of a new chapter — Knoxville (K. R. Kaiser)

Awards Presented at April 20, 1950 Time Study and Methods Conference:

INDUSTRIAL INCENTIVE AWARD	John W. Nickerson

LIFE MEMBERSHIPS AWARDED:

Charles C. James	Retiring president
Stanley P. Farwell	Chicago chapter
Geo. T. Trundle, Jr.	Cleveland chapter
Chas. J. Mottashed	Detroit chapter
President Harry S. Truman	Honorary



reserve fund is the chart illustrating our present net worth. The amount added to the reserve fund in the 1949-50 fiscal year represents excellent progress towards that goal.

PUBLICATIONS

OUR publications carried 75 outstanding articles on management subjects during 1949-50. The audience of non-member subscribers has been increasing at a healthy rate without benefit of special promotion. Plans have been made and initial steps taken in a campaign to further increase the number of potential S.A.M. members by developing interest through subscriptions.

The last four issues of *Modern Management* before it was consolidated with *Advanced Management* in December 1949 carried the following noteworthy material:

1. A total of 33 articles and reviews of 41 books.
2. A pioneer article on management control as developed by General Brehon Somervell.
3. Started a new department, Labor Roundup, by Paul A. King, an authority on the subject. Since its initial appearance in November this thought-provoking feature has drawn a steadily increasing flow of letters from all over the world.

December 1949 saw the first issue of the combined magazines. Its attractive new format and cover has won much favorable comments from members, officers, and publishers of other magazines. The first seven issues of the new *Advanced Management* series (December 1949 through June 1950) presented 42 articles and 50 book reviews. Six of these seven issues were prepared and published under the guidance of our new editor, Robert B. Ross.

Noteworthy items in this series were:

1. *The 1950 Management Forecast*, a new annual feature presenting the views of 13 presidents of top American companies on the prospects for 1950.
2. The February 1950 issue, devoted to "*Effective Top Management Techniques*," presented five articles by presidents, two by vice presidents, all of outstanding American corporations. It caused world-wide comment and correspondence. Orders for back numbers and reprints are still being received.
3. An article in March on "*Management Control*" by Professor A. W. Rathe, which has been reprinted in the "*Management Review*."

From July 1949 to the end of May 1950, the "Reprint" Account shows a profit of $651.37. This compares with a

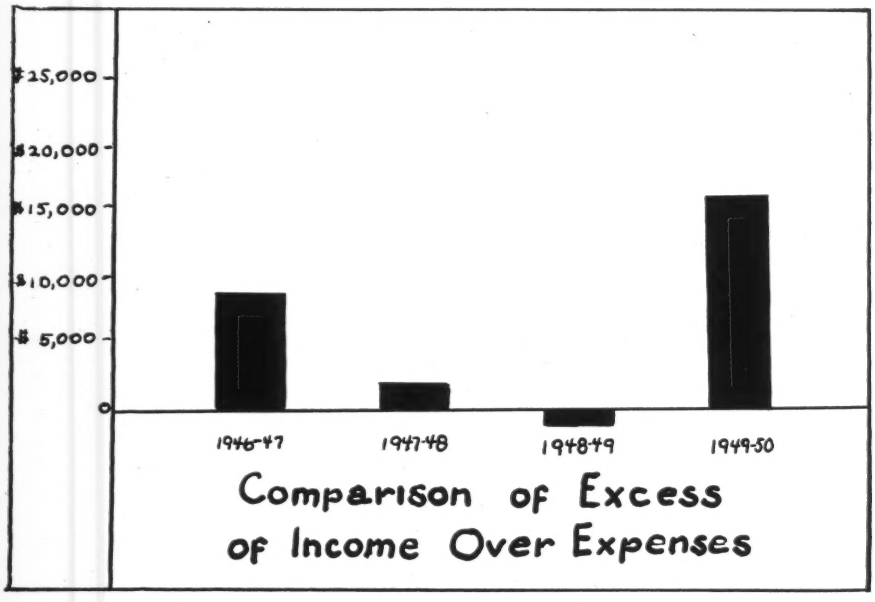


figure of $248.33 at the same time last year. Sales during June will increase this figure.

This was made possible by intelligent promotion of reprints, by correspondence and advertisements and careful attention to costs on the part of the publication staff. Further progress in this direction can be expected in the future.

AID TO FEDERAL GOVERNMENT

The Editor reports the following special arrangements for use, at their request, of *Advanced Management* material by various government agencies:

1. Department of the Army, Office of the Chief of Staff, Comptroller of the Army (Lt. Gen. R. S. McLain).
2. Department of Navy, Director of Office Methods.
3. Department of Commerce, Civil Aeronautics Administration.
4. Department of the Army, Management Branch, Comptroller Division.
5. Federal Security Agency, Social Security Administration.
6. U.S.A.F. Special Staff School, Military Management Division.
7. Department of Navy, Bureau of Ships.
8. Economic Cooperation Administration.

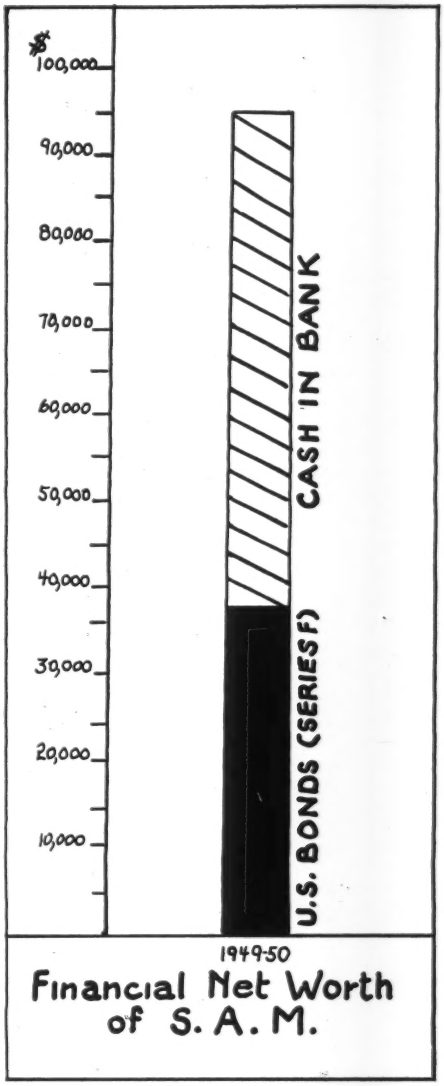
PROCEEDINGS

In addition to the above the Editor of *Advanced Management* has handled preparation, production, and distribution of two special publications as follows:

A. *The Proceedings of the 1949 Annual Conference.* The full text of 14 papers presented at the Conference were reproduced in 96 pages of type and illustrations.

B. *The Proceedings of the Fifth Annual Time Study and Methods Conference.* Containing the full text of 15 papers submitted at the Conference in 144 pages of type and illustrations.

The Proceedings of this conference has been designated as a basic text book by the State University of Iowa, College of Engineering for their 1950 Summer Management Course.



Receipts from sale of the Proceedings covered cost of publication.

LIST OF CREDITS

Advanced Management material has been digested, quoted, listed, and reviewed in the following publications. This is only a partial list of those items which came to our attention.

1. Management Review (AMA)
2. The Management Guide (AMA)
3. Office Management & Equipment
4. National Industrial Conference Board "Report on Executive Development"
5. The Time Study Engineer (IIT —London)
6. Management Abstracts (BIM of England)
7. Management Digest (AIM of Adelaide)
8. Management News (AIM of Melbourne)
9. Organisation Scientifique (Brussels)
10. Business Information Sources (Cleveland Public Library)
11. Industrial Ledger
12. Notes & Quotes (Connecticut General Life Insurance Co.)
13. Management Digest (Prudential Insurance Co.)
14. Personnel News Bulletin (CPMA)
15. Business Information Sources (Newark Public Library)
16. NOMA Forum
17. NOMA Bibliography (11 articles)
18. Digest of Current Reading for Executives
19. The Industrial Relations Letter
20. The Milwaukee Engineer
21. The Pamphlet Index
22. The Journal of the Inst. of Personnel Management (England)
23. Statistical Methodology Reviews (Rutgers University)
24. Target (Economic Information Unit, London)
25. National Development Foundation of South Africa
26. Society for Advancement of Management (Denmark)
27. The Supervisor (State Farm Insurance Companies)
28. The Manager (Management Pubs. Ltd., London)

Articles from *Advanced Management* have been reprinted for use as supplementary text material by the following:

University of Michigan — "*Resistance to Change*" by A. Zander and "*Administrative Conferences*" by Dr. M. Kriesberg.

New York University — "*Management Control*" by A. Rathe.

University of Iowa—"*Maintenance Management*" by G. E. Keck.

Washington University (St. Louis) — "*Methods Analysis by Motion Pictures*" by Vogler & Du Bois.

University of Chicago (Executive Program)—"*What Makes Successful and Unsuccessful Executives*" by B. B. Gardner, and "*Democratic Principles in Business Management*" by J. C. Worthy.

AID TO EDUCATION

Articles from *Advanced Management* have been reprinted in text books and used as classroom material or as reference sources by leading educational institutions. A sample group of "credits" not previously mentioned includes:

Mellon Institute of Industrial Research
University of Pennsylvania
University of Puerto Rico
Oak Ridge National Laboratory
Western Reserve University
University of Oklahoma
University of California

CIRCULATION

In terms of income from subscribers the combined publications, *Advanced Management* shows the following increase:

Subscription Revenue:	
July 1, 1949 to May 31, 1950	$6,057
July 1, 1948 to May 31, 1949	$4,693
Net Increase	$1,364

(The equivalent of 170 one-year subscriptions at $8.00 each)

This was achieved without any particular promotion expense. It is largely the result of improved follow-up procedure and careful analysis of incoming correspondence to locate prospective subscribers.

A pilot subscription promotion campaign is at work now and should show the way towards a substantial increase in subscription revenue at a minimum cost.

PUBLICATION EXPENSES

Partly as a result of the combination of the two magazines and partly due to economies in purchasing and production of printing, this item shows a saving of $2,102 when compared to the same expenses for the previous year.

A typical step in this direction is the direct purchasing of engravings at cost rather than the former practice of paying a service fee for handling this work. This item alone will result in a yearly saving of $200.

QUESTIONNAIRES

DURING the past year the Director of Administration in the Research Division, Kendrick Porter, prepared a questionnaire at the request of the President to be sent to each member of the Society.

The Society has been handicapped in the past by a lack of knowledge about its members, their educational and business backgrounds, their interests and their professional accomplishments. Planning of the Society's programs and activities have been accomplished remarkably well without this information. The completion of this undertaking with the information it will offer will make possible more effective planning, better organization, better operations and expanded and improved research.

In addition to bringing the Society's records up to date, the material gathered will help in planning Society programs to fit the interests of members and can be used to stimulate membership among men of like interests. It will enable continuous analysis of progress as it is made, of significant shifts in membership classes, locations, ages and interests. It will be a sound basis for future planning of the course of the Society in the best interests of its members.

Approximately 2,100 questionnaires were completed and returned during the first three months. Second requests brought the total to just over 3,000.

The information accumulated is being summarized on "*McBee*" cards for quick reference and for Research purposes where it will be invaluable. Completion of this survey depends on the cooperation of members who have not yet answered.

MEMORIALS

It is with sincere regret that we report the passing of the following members of the Society:

Wallace H. Anderson	Philadelphia	F. McClellan	Chicago
Ward Beckwith	Boston	Willard Mayer	Pittsburgh
John R. Cramer	Cleveland	Leland B. Moss	New York
Robert H. Dickman	Cincinnati	Fred Shaheen	Central Pa.
Mabel Dickson	Providence	Charles P. Sorisi	Stamford
Walter A. Forbes	Chicago	Carlos Stageberg	Twin City
Myron Fuller	New York	Harry M. Sutton	Boston
James W. Gosselin	Chicago	Mrs. Frederick W. Taylor	Phila.
Bruce Haines	St. Louis	William H. Weaver	Birmingham
William Jump	Washington	L. L. Zuspan	Cleveland

The following tributes to Harry M. Sutton and Mrs. Frederick W. Taylor express the thoughts of the Society:

HARRY MELVIN SUTTON

"Harry Melvin Sutton, who died on August 10, 1949, was familiarly and affectionately known by countless people in industrial and educational circles of Boston. In addition to great professional efficiency there was interwoven in his life an invariable honesty and dependability, richly integrated with a natural kindliness in all his dealings with all people. He was a man whose objective was service without any forethought of reward."

MRS. FREDERICK W. TAYLOR

Mrs. Frederick W. Taylor generously encouraged the Society which endeavored to perpetuate and develop the principles originated by her husband. Longtime friend of pioneers in the field of Scientific Management, her keen interest and sincere devotion will be missed in all circles that knew her. The Society, and management men all over the world, experienced a deep feeling of regret on the realization that we have lost contact with one of the last direct links to the genius of Frederick W. Taylor.

PUBLICATIONS INCOME AND EXPENSE

The net cost of Publications to the Society, compared with the same figure last year, shows a *reduction* of $831.14.

This was achieved by building up subscription revenue and decreasing Printing and Publication costs.

BROCHURE

Under the President's direction the Society's brochure, "*S.A.M.—What It Is—What It Does*", was revised and reprinted. Maintaining its high standards of content and appearance it has been effectively used as an aid in developing new membership, improving public relations and starting new chapters.

During the fiscal year 1949-1950 approximately 26,000 copies of the brochure were distributed by members or mailed out by chapters in membership promotion campaigns.

COOPERATION WITH OTHER SOCIETIES

In accordance with the Society's plan to bring about a closer relationship between the Society and other management societies, wherever a community of interests exists, the President has maintained friendly relations with the following organizations:

American Society of Mechanical Engineers

National Management Council

Controllers Institute

National Office Managers Association

Industrial Management Society (Chicago)

National Association of Manufacturers

Association of Consulting Management Engineers

American Management Association

Progress has been made toward elimination of unnecessary duplication of effort and improved cooperation in the achievement of common objectives.

Management Research and Development Division Annual Report

Society Year 1949-1950

By HAROLD F. SMIDDY

Vice President, Management Research and Development

The year's progress in Management Research and Development is reviewed in detail. Reports from the Assistant Vice Presidents in charge of the Functional, Business Contact and Professional Contact Groups are included.

THE life-work of one of the great pioneer scholars* in the management field, who once expressed his objective to be to stimulate his associates to "large expectations and a clear vision of the enduring things in management", was summarized recently in the following words,

> "His leadership rested in a rare union of talents:—to seek facts patiently; to pull principles, not merely procedures, from such facts; to integrate and synthesize principles into primary patterns for the planning, organizing, coordinating and controlling of complex business enterprises; and then to present such principles and patterns so that today's managers might have at their command bases of decision rooted in ground more firm than that of their purely personal experience.
> "Seeking ever an 'intelligent analysis and synthesis of the various elements of management', he laid down a standing challenge to himself, as to all management men; both 'to extend their voyages of discovery to new continents of knowledge and to consolidate their advances so business may harness effectively the benefits realized from science's steady penetration into the unknown'."

As the management pioneers of the Taylor and Hopf generations progressively pass from the scene, the responsibility to carry on their "incessant battle against mediocrity" in the management field remains for younger hands—and minds—to assume. But as business explodes in size, complexity, inter-relationships, ability to produce and impact of technological competition of new with old products, it is clearer with every succeeding year that new and better vehicles for coordinating individual efforts to fight that battle are ever more urgently needed.

The capacity, current and potential, of the *Society for Advancement of Management* to render useful services in providing such a vehicle through the personnel and activities of its *Management Research & Development Division*, was recognized when that Division was established as a basic segment of the Society's organization; and re-emphasized in past *Annual Reports of the Division*. Developments during 1949-

* *Dr. Harry Arthur Hopf (1882-1949)*

1950 confirm, first, that the challenge to serve Society members and industry generally is very great, and second, that—despite the handicaps inherent in voluntary efforts of members from widely separated areas — the practical programs of the Division and its national Management Research Committees are gradually growing in concept and contributions to aid in reaching such goals from year to year.

Despite the continuing absence of specific budget backing, and of even a nucleus of specialist personnel to coordinate and focus the continuity and quality of Management Research & Development activities at the Society's national office, definite progress can again be reported for the Society year 1949-1950.

The efforts of the Assistant Vice Presidents, and their Group Directors and of the members of their national committees are summarized in this Annual Report to the members of the Society. Before presenting such summaries, however, it is pertinent again to note the following comment from last year's report:

> "The membership of these Committees is essentially flexible, and while continuity of membership from year to year is specifically expected and encouraged, there is always room on the Committees for a member from any Chapter who by experience and ability is qualified to render constructive service. In the interest of keeping the Committee memberships current, therefore, additional nominations are welcomed by the Group Directors at any time."

FUNCTIONAL GROUPS

UNDER the able and conscientious guidance of Assistant Vice President *Joseph O. P. Hummel*, the Functional Groups continued the projects initiated last year and also made notable progress in getting all Committees more broadly staffed and more definitely targeted on Research projects which, as they are completed, will afford useful program material for Chapter meetings and discussion groups.

Mr. Hummel's report emphasizes the following highlights of such progress and plans.

"The whole program is on firmer ground than a year ago. We still have much to learn, particularly how to draw out significant accomplishment without paid help when committee members must work at their regular jobs so that the time they can give is limited and when they are widely separated geographically so that committee meetings are very difficult to arrange.

"Full staffing of committees by active participants has continued to be pushed both through contacts between each functional director and members and through contacts by directors with chapter officers for their suggestions and help. Committee membership ranges from one member in addition to the Director, which in my opinion is not enough, but is due to a limited membership in the field of Distribution, to a membership of *27* in the *Human Relations Committee.*

"It is desirable for directors to divide work among committee members and assign duties so that each has a part. This is in line with the early policy which has been followed of making it clear in inviting persons to participate in the program as directors or committee members that it is not primarily intended to be an honor but a *work* assignment in the service of Better Management. This in turn would seem to be in accord with Society policy over many years that elected and appointed officers hold working not honorary positions.

"With plans for action set up which are attainable, we anticipate a successful year for the *Functional Groups* in 1950-1951.

"Summaries regarding the work done and plans for the coming year of each of the Functional Directors follow:

ADMINISTRATION—KENDRICK PORTER

During the past year, work was done chiefly on one of the three proposed projects, namely investigation of the basic philosophy and psychology of Research methods. *Professor Hobson* of Kansas State University presented an excellent article on this subject which was published during the year in *MODERN MANAGEMENT* for November, 1949, under the title *'What Do We Owe to Research?'*

For the coming year 1950-1951 the proposed program is to continue with this project and also to move forward to accomplishment on the two projects which are:

1. An analysis of the tendencies of organizations to multiply staff functions excessively as an enterprise grows in size; and
2. Study of the elements of long-term planning in business.

Progress has been made by a good committee of oustanding members. The three projects are of great importance and merit continued study by the Administrative Committee.

DISTRIBUTION—BISHOP BROWN

The work started in 1949-1950 is to be continued. It is made up of the following:

1. An important initial step is to be an informal survey of chapter activities in the field of Distribution, as a first step to stimulate more widespread consideration of the problems of Distribution by society members.
2. A one page questionnaire was prepared in the Fall of 1949 for distribution to Chapter secretaries. This was designed to find out what attention was being paid to Distribution and to help build a list of members particularly interested in this field of activity, as well as a list of competent speakers. After subsequent consideration at the National Office level, it is now in order to complete this simple questionnaire and proceed with the actual compiling and analysis of these basic data on which future research programs of the *Distribution Committee* can be found.
3. Decision is to be formulated as to whether to concentrate attention on retail distribution or to include all kinds of distribution including problems in the management of industrial sales.

It is suggested by the Assistant Vice President, at this time, that the word Distribution be considered in its broadest meaning and that no phase of Distribution be neglected, since the fields for better application of scientific management principles to planning and control of Distribution activities obviously embrace such functions for all kinds of business enterprises and industries. It would seem therefore that

attention should not be directed to only a part of the whole such as retail distribution as one part, or industrial distribution as another part.

While it has been difficult, to date, to find enough qualified members who represent various interests within the field of Distribution to serve on the committee, it is clearly desirable now to make every effort to build up committee membership for 1950-1951 to be more broadly representative of a wide variety of interests in Distribution and then to effectuate projects in this area of management.

HUMAN RELATIONS—R. R. ZIMMERMAN

Activities which have been carried on, and which are proposed for 1950-1951, are listed below:

1. During the past year the committee has kept in touch with outstanding developments in the field of Human Relations.

2. The Director has been giving a course in '*Human Relations Management*' at the graduate level at the *American University*.

3. Inventory of Human Relations Research has been the subject of intensive discussion under the leadership of committee member *Dr. McMillan* and it is hoped that favorable action will take place within the next few months.

4. SAM has continued to furnish leadership in the Washington area regarding research on Human Relations. The round table on *Human Relations Research* is now in its fourth year. Much material is available in the record of this activity of the Washington Chapter which will be most helpful to other Society Chapters undertaking forums or discussion groups.

5. Another group in the Washington Chapter is studying needs for research in the personnel field with plans for research on evaluation of employee performance.

The Director recommends the continuation of the foregoing activities and in addition recommends:

a. Continuation in the securing of an *Inventory of Human Relations Research.*

b. Give continued consideration in planning of national and other conferences to research and development in Human Relations policy and practice.

c. Director has prepared a memo for issue to Chapter Presidents in June 1950 to aid them in planning activities for the coming year in round tables, *Harvard* case studies, and setting up chapter research committees on human relations to cooperate with nearby universities.

A large program has been set up and as portions of it are completed, other portions can be carried forward as a continuing program, and important progress will have been made.

FINANCE—C. C. JAMES

This Committee, energetically reactivated under the able guidance of our national Past President, has made excellent progress this year.

1. A strong committee of outstanding members of the Society with interests in this field has been set up and put in place.

2. The Director was invited in September 1949, by *Professor Erwin H. Schell,* Chairman of the International Program Committee of the *National Management Council,* to serve as United States Representative on the international committee dealing with flexible and variable budgets at the *9th International Management Congress* to be held in July 1951 in Brussels, Belgium.

3. Two meetings of the committee were held in 1950 to develop general agreement on the selected project which is to make a survey by means of a questionnaire to determine prevailing budgetary procedure among the leading American manufacturing enterprises. It is intended that this project be developed and carried forward aggressively during the coming year. Participation, both by committee members and by cooperating business enterprises, indicates the opportunity to turn out a notable contribution to the advancement of management, in the area of budgetary control, during the present Society year.

INDUSTRIAL ENGINEERING—JAMES H. EDDY

The Industrial Engineering Committee continued to be active and has a solid list of valuable accomplishments for the past year as well as a good program for the coming year.

1. At the request of the Chairman of the *Industrial Incentive Award Committee,* the committee members made suggestions from which the Director, Industrial Engineering, formulated a report for the Chairman of the *Incentive Award Committee,* who incorporated the ideas in a revised set of rules for this award.

2. *The Industrial Engineering Committee* gave *Mr. Lyle C. Bryant* of the *Extension Service, Smaller Business Division, Department of Commerce,* a comprehensive list of suggested subjects for Industrial Engineering research projects to be carried on in universities.

3. The first project of the Committee, which was to develop with chapter and member cooperation a "*Glossary of Terms Used in Methods, Time Study and Wage Incentives*" was continued. A memorandum went out on September 27, 1949, to all Chapters from the National Office, describing this project. This covers a broad field and progress is naturally slow, but effort is continuing, and is warranted by the importance of the subject matter.

4. The Director assisted in the formulating of the technical program for the *Plant Maintenance Show* in Cleveland, Ohio, on January 16-19, 1950. This assistance by SAM was acknowledged in the program of the show.

The outlined object and program for 1950-1951 shows careful thought and is practical. In line with the early thinking and plans on Management Research & Development, considerable emphasis is placed on assistance to local SAM Chapters with regard to speakers, discussion groups, conferences and projects in Industrial Engineering, and in securing from the Chapters their help in reporting back on activities and trends in Industrial Engineering.

An outstanding list of subjects and questions around which Group action will be focused for 1950-1951 is submitted by the Director in his report, which is condensed here, as follows:

A. Objectives

Form a guide for SAM chapters as to subjects in the Industrial Engineering field which may be of current interest to members.

Form a basis for chapter projects, discussions, meetings and conferences, relating to Industrial Engineering.

Form an outline of pertinent Industrial Engineering topics to be used as a basis for research projects.

Provide a suggested list of Industrial Engineering subjects for articles in '*Advanced Management*' as a guide to persons desiring to write articles for these publications.

B. Program

Encourage chapters to hold meetings, discussions, conferences and to initiate projects in Industrial Engineering areas.

Furnish chapters with a guide list of questions and subjects for activities and projects in Industrial Engineering.

Secure reports from chapters on the findings and conclusions of chapters sponsoring Industrial Engineering projects and refer such reports to the *Industrial Engineering Committee* for study and possible consolidation.

In this respect there must be constantly wider understanding of the fact that Industrial Engineering is a dynamic field of activity. There usually is more than one satisfactory and sound way to handle a given problem by sound, imaginative *application* of fundamental management principles.

Stimulate the writing of articles in the Industrial Engineering field for '*Advanced Management*'.

Continue, and complete, the project entitled '*Glossary of Terms Used in Methods, Time Study, and Wage Incentives*' originally undertaken in 1948.

C. Subjects for Program Activities

The following subjects and questions are suggested as a guide in connection with plans for both national and chapter SAM Industrial Engineering activities in the year 1950-1951. These items have been suggested by an examination and evaluation of prevailing practical problems currently confronting Industrial Engineers:

What is the responsibility of an Industrial Relations Department in connection with the installation and operation of a wage incentive program?

What is operating Management's responsibility in the development of performance standards?

To what extent is an Industrial Engineering Department responsible for training operators and foremen?

What part of the Industrial Engineering program is a matter of technique and therefore the full responsibility of the Industrial Engineering Department and what part is a matter of policy and therefore the joint responsibility of the Industrial Engineering Department and of other departments?

What specific means can be used to evaluate the success of a methods improvement program in terms of savings realized compared to installation and maintenance costs?

How can the success of a wage incentive installation be measured?

What are some specific steps to take to keep a semi-automatic machine in continual production?

What advantage do standards expressed in time have over standards expressed in money?

What utilization can and should be made of time standards for other purposes than wage incentives?

Where do group incentives apply and can the area of application be better defined?

Is there such a thing as a point of diminishing returns when an attempt is made to secure complete incentive coverage, and if so, where is this point?

What practical and workable safeguards are required to maintain an incentive plan over a period of years?

What are the relative merits of building standard data by the use of predetermined times for elemental motions compared with building the data through time studies?

(*Note*—It is suggested that this subject is fast becoming of such deep and widespread national, and even international, significance that it could well be the subject of a nationally financed Research Project, such as that presently being completed by the special "*Committee on Rating of Time Studies*")

What is the right relationship of the Industrial Engineer and quality control?

What definitions of the scope of Industrial Engineers prevail in different companies? What is the ideal?

How far should an Industrial Engineer interest himself in the problem of selection and placement of employees in order that effective personnel will assist in making a successful industrial engineering program?

What should be the soundest future course of development of Industrial Engineering?

What is the fundamental trend as to use of Time Study as the Industrial Engineering technique that is the basis for the Industrial Engineering profession?

Will Methods-Time measurement replace time study?

What will be the future trend and effect of union agreements on time study practices and procedures?

What is the right relationship of time study to cost control?

What part does psychology play in the success of an Industrial Engineering project or program?

Where should the Industrial Engineering function be placed in the organization?

D. National SAM Projects

The research project '*Rating of Time Studies*' now going forward to be continued and completed during the Society Year 1950-1951.

Mr. Eddy's questions in themselves present a comprehensive presentation of the kind of management problems which:

(a) Now confront Industrial Engineers in organizing and prosecuting their own work.

(b) Require top management thought and action so that the Industrial Engineering function in individual companies may be kept on a modern, dynamic plane.

(c) Afford national and chapter SAM Program Committees a fertile field of topics for talks and programs which will be significantly attuned to present and prospective management needs in the Industrial Engineering field.

PRODUCTION—E. N. BALDWIN; R. F. HURST

Mr. E. N. Baldwin, who had done excellent work in setting up committees and plans, as well as efforts to carry

forward some of the plans, found it necessary to resign in February because of the need to concentrate on the completion of a book which he is writing on Production Engineering. At the meeting of the Board of Directors on April 22, 1950, *Mr. R. F. Hurst* of the *Bigelow-Sanford Carpet Company, Inc.* was made Director and is developing plans to carry on successfully the fine basic work initiated by his predecessor.

Committees have been established and well staffed for Production Planning and Control, Product Design, Quality Control, Material Handling and Control, and Packaging and Package Design.

A letter, prepared in May 1949, is going out shortly to Chapter officers to acquaint them more closely with the *Production Division* of the Society and with the areas in which its research activities and projects can help them and their members in the better management of all Production functions.

In conclusion, the basic organization structure of the *Functional Groups* is in place and its six Directorships are filled by SAM members of national prominence in their respective functional fields. These Directors have in turn set up competent *National Committees*, have chosen specific projects for prosecution by and through these Committee members, and are prepared to render increasingly helpful services to all Chapter officers and *Program Committees* during the coming Society year.

BUSINESS CONTACT GROUPS

THE scope of work and objectives of the *Business Contact Groups of the Society's Management Research & Development Division* was further clarified and more precisely defined during the past year, under the experienced and cooperative direction of *Assistant Vice President, Richard S. MacKenzie.*

The Manufacturing Committee and *the Government Committee*, both of which were well set up and started during the previous Society year, made particularly notable progress, as will be apparent from the reports of their respective Group Directors.

The *Utilities, Agriculture, Commerce* and *Home Groups* continue to face the basic problem of defining areas of action in which SAM member interest is sufficiently wide-spread to warrant other than relatively general attention at the national research level and to attract the services of a suitable number of qualified members to conduct country-wide committee work.

As *Mr. MacKenzie* has pointed out, however, "the problems of application of modern management principles are so urgent in all of these areas, that they are far too important to drop out of the Society's Management Research program, from a *long-range* standpoint."

It is, in the light of these conditions, consequently urged that management personnel in such Business Group areas afford, perhaps, the most promising untapped fields for *new member* campaigns to broaden the base of local management representation in *practically all* of the Society's active Chapters. Special attention to progress in this respect in 1950-1951 could well give most Chapters an attractive sphere for gaining valuable points in the *Chapter Award Contest.*

As in the case of the *Functional Groups, Business Groups* progress was also limited by the available time of Group Directors and their Committee members. The return of more competitive times has required such members, who are key people in their various companies and business fields, to ration more closely the hours which they can divert from their daily jobs to conduct and participate in Management Research projects steadily and effectively.

Nevertheless, and again realizing that materially better and faster progress could readily come were means to be found to create, at national headquarters, the paid staff position recommended in last year's report to relieve Directors and Research Committee members of operational burdens, *Mr. MacKenzie's* report shows significant and continuing gains. Highlights of such progress among the Business Contact Groups may be summarized in the following excerpts from the yearly reports of the Assistant Vice President and his Group Directors:

MANUFACTURING—W. H. BRUSH

This group chose for their first research project an inquiry into how manufacturing companies were *"Coordinating Manufacturing with Sales."* A very thorough and penetrating questionnaire was sent out to 100 companies. The questions embodied therein probed into the factors involved, the characteristics of the business and the problems involved, and the methods and tools used in actually coordinating their Manufacturing with Sales.

The first report, which is included separately (see page 24) is confined to the "findings" of the survey. This initial scope was decided upon so that the SAM membership could have the use of these findings at the earliest possible moment. The second report of the survey which will embody the "conclusions" which the committee will draw from the "findings" will be issued separately during the Society's 1950-1951 year.

CURRENT TRENDS AND DEVELOPMENTS

Based on their travels over the United States during the past year and upon observations and discussions with a wide number of manufacturing companies, the *Manufacturing Committee*, through its Chairman, *W. H. Brush*, believes that these are the outstanding management problems and trends of key interest to the managements of manufacturing organizations at this time.

1. Decentralization of Production has seemed to increase during the past year

Where this has been noticed it seems to stem from many causes. Sometimes it is a desire to reverse a previous trend toward overcentralization with its problems of unwieldiness. Sometimes it is a desire to move the production closer to the particular section of the market for better delivery service. And in each of these is probably a desire to place each manufacturing unit more directly on its own responsibility with executive decision closer to the scene of action. There is also no doubt that labor relations played an important part in some moves. Whatever the apparent reason, however, at the bottom is the expectation that costs and profits will improve.

We must not, however, lose sight of the fact that some companies, for economy reasons peculiar to their own circumstances, found it advisable to close down high-cost plants and consolidate their production at other of their low-cost plants.

2. *Increased effort prevails on the part of top management to impress upon lower supervision that they are part of management.*

This is an area which represents one of the poorest performances of many top managements over the last twenty years. In too many companies the sympathies of the supervisory group toward management were badly strained and in some cases completely alienated.

The remedies observed indicate that there is a growing awareness of the educational job to be done on both supervision and middle and top management, and that some companies are doing good work in this direction. Broader training courses, realistic upward revisions of salary scales, greater participation in policy-making and solving of management problems are some of the means that are being used by forward looking management to accomplish this objective.

3. *Some indications exist that there is an increased effort on the part of manufacturers to standardize parts*

This effort was probably relaxed during the production boom that followed the end of the war. It is now being intensified with the two-fold objective of cost reduction through manufacturing and servicing economies, and greater sales appeal to the customer from the standpoint of easier parts replacement, etc.

4. *Greater use of motion-time values in the establishment of labor performance standards.*

There is nothing very fundamentally new in this, but there seems to be a greater awareness (a) that such standards are less subject to challenge by the time study steward, (b) that they will reduce your time-study costs, and (c) that they are excellent tools for estimating costs on new items.

Several systems have been on the market for some years and a well known consulting firm has just come forth with a new version of their own. In addition to this, individual companies have used systems of their own devising.

The trend seems sure to continue and new developments will strengthen it. Even if it never supplants time-study it will be a valuable adjunct.

5. *Greater awareness on the part of industry of the necessity for reducing Distribution costs.*

This is a direct result of the narrower profit margins that prevailed last year. Also many companies were convinced that they had forgotten how to sell under competitive conditions. The net result has been for many of them to start applying the same sort of cost reduction methods to sales costs as they do to manufacturing costs—studies of selling methods, routing, unit sales costs, time studies of salesmen, sales performance standards, etc.

6. *A strong trend on the part of unions to force the issue on pension plans.*

This has even taken precedence over wage increases, and there is no way of knowing just how far it will be pushed in the future.

Both company pension plans and Social Security are linked closely in all these union drives. It is not certain at the moment whether the eventual drive will be to increase the portion under the company plans or the portion under Social Security. The desires of both labor and management are somewhat unsettled on that score at the moment.

7. *An increased tendency on the part of management to place more emphasis on the Human Relations aspects of running the business.*

It is not certain whether this is part of a long-term secular trend or whether it is the result of intensified competition or other immediate and temporary influences. It is hoped that it is the former and represents a growing awareness of the fact that behind every machine, process, system or procedure stands a Human Being who controls its effectiveness. Material and mechanistic developments do and must continue but there is growing management appreciation that the human aspects are of paramount importance if the industrial organization is to run smoothly and at highest production.

8. *A real trend toward recognizing the importance of reducing overhead costs.*

There seems to be no doubt but that the rising break-even points in industry have had a lot to do with this belated recognition.

There is furthermore not only a recognition that they must be reduced (accelerated by the scare that many managements suffered last year during their temporary "readjustments" of volume and profits and prices) but also a greater understanding that some of the same techniques that reduce direct costs can be applied to reduce overheads.

9. *There has been increased effort to mechanize work in the office field.*

The growing complexity and cost of office work is accelerating an overdue development. Furthermore, office work in some growing companies has reached such volumes that it has become more susceptible to mass-production mechanization.

10. *A sharp increase is notable in the use of Statistical Quality Control, particularly from the standpoint of the economies involved.*

It is probably safe to say that the rapid spread of this technique during the war got its impetus primarily from the assurance it gave of better quality. The emphasis today is furthered by the realization that it can also be used to cut your inspection costs and lower your scrap losses.

11. *An increase in decentralizing staff functions has become apparent.*

This probably parallels the trend toward decentralizing production operations as an attempt to get away from top-heavy forms of organization. The pattern is not clear as yet whether it regularly involves retaining some form of centralized functional control over these staff groups or whether they will be placed entirely under the decentralized line control. There are many proponents for either plan. One point does seem clear, however, and that is that much thought and planning is still necessary as to how best to insure top management knowledge and control of the performance of both the decentralized line and staff functions.

As in the case of the report (earlier above) of *Mr. Eddy, Director of Indus-*

trial Engineering, the report of *Mr. Brush* just cited, points out basic trends with respect to problems and topics of widespread interest to management in the areas in which the respective SAM Research projects are concentrated.

These two Group Directors and their competent Committee members, therefore, deserve special recognition at this time for such timely services. One of the most essential goals of the *Management Research & Development Division* is to aid both Chapter and National officers in (a) Improving the *content* of current programs and (b) Insuring that such programs are forward-looking in dealing with problems which will be of pressing interest to Society members and to management men in the year *in front* of them at any given time.

The possibilities for spotting and for high-lighting such prospective problems and trends early and alertly, can increasingly be enhanced as the activities of the Society's Research Committees mature and take shape. The contributions of *Messrs. Eddy and Brush* to accelerate such effectiveness of their respective Research Committees are, therefore, especially valuable at this formative stage of the work of the *Management Research & Development Division.* They are good augurs of what can come from all Committee areas, as this budding organization progressively takes shape from year to year.

GOVERNMENT—H. E. BECKNELL

The stimulus for the Society's interest in the field of government stems heavily from the existence of the Washington D. C. Chapter. The national officers and many individuals among the other chapters are thoroughly sold on the idea that our government needs more scientific management injected into it to make it more efficient and less costly, but without a group like the Washington Chapter to spearhead an active interest, this field would be rather poorly cultivated.

Accordingly, the *Government Group* is probing actively into many extremely worthwhile areas and the present Director's personal contribution in integrating its activities and enthusiasm into the national Society's structure is notable.

The work of his committee, and of the Washington Chapter, on the proposed *American Foundation for Government Management,* may well mark a real milestone in the task of introducing efficient methods to government operations. A complete outline of the Foundation's proposed scope, as placed before the Society's national directors during the year, gives a good picture of what is proposed. The Government Group Director summarizes this project as follows:

THE AMERICAN FOUNDATION FOR GOVERNMENT MANAGEMENT

"Careful study of the problem of improving public management led the *Government Division Committee* to the conclusion a few years ago that more intensive work is needed in this field than can be done effectively by voluntary associations like our Society, and more than can be done on a continuous basis by government itself. In a word, it was felt that this is an area of effort appropriate for private philanthropy. Incidentally, the most recent report of the *Russell Sage Foundation on American Foundations for Social Welfare* supports this view. With respect to the fields of current interest of some 500 such foundations, the report indicates that very few have had any interest in 'government and public administration.' Commenting upon new fields for exploration the *Russell Sage* report places government first on the list and observes that,

> 'Studies in public administration seem to beckon for increased foundation attention. Multiplication of governmental agencies and services may lead to serious dangers in a democracy unless critical and independent report and advice on the work of these agencies is somewhere provided. Foundations do not collect funds or maintain memberships, and therefore can be and are remarkably free from the influence of pressure groups and party politics. They are in an unusually favorable position for conducting impartial studies of the operations of public agencies, and for doing pioneering research into new methods or new areas of need, for which a public agency could not itself, and should not, obtain tax funds until the promising character of the method was demonstrated or the need established.'

"The type of privately-financed organization which the *Government Division Committee* has had in mind for the purpose indicated above is described in detail in the brochure, submitted to SAM's directors recently, as the *'American Foundation for Government Management.'* The proposal has been appraised by over one hundred management authorities in industry, government, and university teaching. Their general reaction has been most favorable. It is regarded by many as a practical means of following up and continuing intensively many such useful studies as those recently concluded by the Hoover Commission. During the past year the Society, through its National President, brought this proposal formally to the attention of a source of large potential financial support. Serious consideration of the proposal has been promised and definite action is expected within the next few months.

THE HOOVER COMMISSION REPORT

"About a year ago a National Committee of outstanding citizens throughout the country, headed by *Dr. Robert L. Johnson, President of Temple University,* was formed to carry on the work of the *Hoover Commission.* Through the course of the year various members of the *Society's National Committee for Government Management* were kept informed of the activities of the *Citizens Committee* and some SAM local chapters held meetings for discussion and follow-up of the *Hoover Commission Report.*

SURVEY OF PUBLIC ADMINISTRATION EDUCATION

"Progress in developing an organization and a method of conducting this survey has been very slow. Discussions are still under way with the *United States Office of Education* and other organizations with respect to initiating a thorough-going appraisal of the subject as a project guided by the *Government Group's National Committee* during the coming year.

MANAGEMENT RESEARCH ROUND TABLE

"A series of monthly round table discussions have been under way since last October on the general subject of the Management Research needs of the

Federal Government and the techniques of scientific investigation pertaining thereto. Under the immediate sponsorship of the Washington Chapter, these discussions have been exploratory in character and are centered on four broad areas of management, namely, program planning, organization, personnel, and communications. Special stress is given to the contribution of the social sciences to research in these areas. It is hoped that this activity may serve as a pilot study and may lead to further and more intensive consideration of the subject by other SAM chapters. A summary of the discussions of the Washington round table may be prepared for distribution at the conclusion of the current series."

COMMERCE—MARIE P. SEALY

The types of business included in this grouping represent a large field of management problems that have hardly been touched.

Yet the interest shown in this field at the Chapter level has been as yet far too small, so that the Group Director, herself a national figure in the application of scientific management to the Department Store field, has had consistent difficulty in building an adequate working committee with sufficiently broad membership and diversified geographic representation.

With this record in mind, it has been decided that this group's initial project should now be to launch a survey of the Management Research needs of this field of business. The survey, as planned, will be spearheaded directly by the Chapters themselves during the Society Year 1950-1951. It will be done through the medium of carefully composed letters and a basic questionnaire and will be started this summer so that it should be actively rolling by this autumn.

The reproducing of the questionnaires will be undertaken by the National Office and supplied to the Chapters as needed. The cover letters, however, can best be prepared by the Chapters themselves. The purpose of the questionnaire will be to permit SAM members and management executives of the types of business falling in the Commerce classification to specify themselves the kinds of management problems confronting them, and the relative order of importance of those problems, especially in such fields as organization, personnel and labor relations, operations, products or services, selling, financial, record keeping and other.

The results of the survey should be at least four-fold:

1. It will get factual data on what are the problems (in order of importance) of this very important segment of American business, and thus know better where to direct the SAM Commerce Group's efforts.

2. It should spark more interest among Society members in all Chapters by placing the project directly at the level of Chapter participation. Each Chapter that forms a Survey Group will automatically be interesting prospective members for the national research committee, as well as tapping a sizeable source of added enrollment for the Chapter itself.

3. The Chapters should be able to follow up these findings, give real thought to how they can be of service to these hitherto unreached types of businesses, and as just above noted, develop a new field for local membership growth and participation.

4. The Chapter members who participate in the local Survey Group and thus have opportunity for national committee contacts, will soon realize that this entire Commerce field is wide-open for good employment opportunities for those who have given serious thought as to how scientific methods can be applied to the management problems of this field.

A tightening of competition has hit the Commerce field during the last year just as it hit the Manufacturing industries. The search for ways and means of cutting their costs and increasing sales to hold profits at a desirable level is just as serious to them as to the factory owner or manager. High break-even points have hit them too. In fundamental essence, their problems are no different than the management problems which the Society has been solving for so long in other fields and the same fundamental methods and tools can be applied equally successfully to this field as the job is intelligently approached.

UTILITIES—ROBERT C. SAMPSON; HOWARD E. BYRNE

Work in the Utilities field was organized during the year by *Mr. Sampson* and, after his resignation for business reasons, is now being continued by *Mr. Byrne*. This area of *Management Research & Development Division* activity has suffered from two things (1) The Society numbers among its members as yet only a relative handful from the utilities field in most Chapter areas, and (2) With so few representatives it is correspondingly difficult to find active workers either for the national committee or for local Chapter activities.

Here again, though, while the National Group Director can block out a sound plan of approach, the active help of the individual Chapters is urgently essential in attracting into Society membership enough people from the utilities field to supply a sizeable background of interest and participation in bringing the Society's activities closer to utility problems. The Society's President has given specific interest to this situation during the last year and makes the encouraging general observations that (a) Top utility executives in all areas are becoming increasingly interested in better management and (b) Their support and backing for SAM activities can readily be sensed on a quite wide scale where local Chapter officers take the initiative in seeking such interest from them.

There are, typically, half a dozen or more utilities within the sphere of influence of each Chapter. Why not attract more members and interest from them? At the national level the *Utilities Group* has plans to uncover the particular subjects and types of problems and research projects which will interest them, and all Chapters thus will find it increasingly to their own local advantage to implement such basic national efforts by incorporating these projects into their programs in such a way as to make it worthwhile for local utility executives to urge their men to participate. Plans for 1950-1951 for this group are built around this idea.

On the other hand, the management problems of utilities in various fields—electric, gas, telephone, water, railroads and other—are certainly no less acute than in industry generally, and in many cases more so. The Utilities

afford a fine area for expansion of SAM service and membership.

AGRICULTURE—DAN F. BRAUM

It is still difficult to tell how much real interest exists within the *Society for Advancement of Management,* in the field of Agriculture. Certainly there is a need for more scientific management to be introduced into that field, but, frankly, this Group is still studying how to work up proper and appropriate interest within the Chapters.

In the meantime, it is felt that the Society must not lose touch with this field and particularly with what is being done by other organizations in this vital segment of our national economy, whose perpetual resort to government subsidies and to political treatment of Farm problems in itself is crying evidence of the great untapped field for far better management research and development to keep such basic activities geared to private enterprise rather than socialistic or paternal governmental direction.

Under the present circumstances, however, the Group Director has not been too concerned with difficulties heretofore encountered in forming a strictly *SAM Agricultural Committee* and has been content to keep active contacts and guidance in this field going along through the medium of the personal work of the Group Director who is also the Chairman of *A.S.M.E.'s* corresponding committee and is closely in touch with all responsible movements in this area of promotion of scientific management in world-wide Agriculture.

The degree to which SAM's other interest and future participation in this area is to be developed will, in the long run, be largely up to the Chapter officers and membership. There is obviously a tremendous field for time and methods study, equipment design, operation flow, etc. in Agriculture. As an example, one large management engineering firm is currently carrying on a truly tremendous project in introducing such management tools and principles in Hawaiian agriculture. Many other items could similarly be cited to indicate the challenge and opportunities which exist. The Group Director, an acknowledged international authority in the field of management, is doing a pioneering job at great personal sacrifice. A major objective for the Society year 1950-1951 will be to help him locate and obtain far more aggressive support for Society participation at the Chapter level.

HOME—ELOISE E. DAVISON

Despite the work done by the Group Director, and also by *Dr. Gilbreth* on a national and international level, in guiding the introduction of scientific methods, design and layout into the Home and its equipment, the interest of the Society's membership at large, in this field of Management, still needs to be crystallized and sparked to a far greater degree than has heretofore been achieved.

It may be that the lack of sufficient interest to participate actively in this field stems from the fact that our membership consists overwhelmingly of men. On the other hand, the Home is such a major market for the products and services of so many of the Society's members, and their companies, that it must be that these men have just not had their imagination stimulated sufficiently as to the fascinating possibilities for better Management in the Home to be also a vital stimulant for broader *sales* to the Home.

Accordingly, the *Home Group of the Society's Management Research & Development Division* is laying plans for next year for an ambitious project wherein the *National Committee* for this activity will collect interesting data and information on what has already been accomplished in the Home field, will prepare it attractively for dissemination to the Chapters, and will see what can in turn be done to spark more active interest at that level.

Effort will be made to attract wife and mother participation as well as that of male members of the Society. At the same time this Group, through such project, will undertake to find out from progressive manufacturers and distributors of Home equipment what they have already found to be the greatest direction of such interest on the part of the home-maker. This information will then be used in trying to guide and stimulate what is hoped will be a real opening of interest in this field on the part of SAM membership.

BUSINESS CONTACT SUMMARY

As *Mr. MacKenzie's* presentation, above, makes clear the hardest job for the *Business Contact Group Directors*—except possibly as to Manufacturing—has been to develop ways and means of guiding SAM Research activities, in their respective areas, into channels which will (a) Truly foster the introduction of scientific management principles into those remaining areas of the overall economy where this kind of thinking has so far been slowest of adoption and (b) Do so through means within the practical scope of voluntary Committee activities which, in themselves, will be of early aid to all local Chapters in assisting them to broaden their own membership and their local influence in such fields as Commerce, Utilities, Agriculture and the Home.

It is fair to say that, while the surface of Society potentials in this direction has hardly been scratched, the program of these *Business Contact Groups* becomes more definite each year and also of greater current and potential benefit to SAM nationally and in its Chapters. It also seems fair to add that, perhaps, the greatest field for future Society service and membership growth well may be in these hitherto less cultivated areas.

PROFESSIONAL CONTACT GROUPS

THE *Professional Contact Groups* also made positive progress during the year, first under *Assistant Vice President C. Edward Schulz* and later, after his resignation because of pressure of professional duties, under *Mr. John F. Mee,* who has succeeded him in that office.

Mr. Mee is currently planning to complete the organization of comprehensive national Committees, for professional contacts of SAM with, respectively, universities, other associations, and consultants generally engaged in the advancement of management.

The major completed activity during the year consisted of following and reporting on the pilot use of selected *Harvard Case Studies* as a source of provocative topics for Round-Table discussions on Management as part of the basic programs of local SAM chapters.

A "*Special Report on Pilot Use of Harvard Case Study Programs by Local Chapters of SAM in 1949-1950*" was issued to the national President and to the Presidents of *all* SAM Chapters in

April 1950 by the Society's Vice President for Management Research & Development. Such report and its appendices summed up the facts developed and the conclusions reached through the pilot activities, especially of the Boston and Stamford Chapters. The cooperation of *Dr. Franklin Folts* of *Harvard* was a valuable aid in these pioneering efforts, which originally resulted in no small measure from the interest and stimulation of *Past President Charles C. James.* The Report concluded with these *"Suggestions for SAM Chapter Conferences Using Case Methods":*

"Group members should number from eight to fifteen and should have had experience in some phase of management, in responsible charge of important work. It is desirable to have a cross section of management experience because the cases involve all phases of management.

"Sessions should be at periodic intervals with sufficient time allowed for adequate study of cases in advance by each member of the group. Dinner meetings have merit in promoting a friendly atmosphere.

"Cases should be carefully selected to suit the composition of the Conference Group. The cases selected for the pilot program seemed quite suitable at both Boston and Stamford. These cases offered a variety of problems in Human Relations, Incentives, Cost Control, Production Control, etc. and were neither too simple nor too complex.

"The price of $4 per set of studies was not objectionable to either Stamford or Boston. A price of $5 was suggested as being reasonable.

"The Conference Leader should be (1) a leader, (2) pretty well up in his field, preferably in Industrial Engineering and in Industrial Relations, (3) Experienced in the field in which the cases are involved. It is not necessary to have a Harvard man as a Leader. A graduate of any good college can handle it if he has the above qualifications. It is possible to rotate the job of Conference Leader if adequate preparation is made. It is important for the Conference Leader to know intimately the details of the case.

"The conclusions of the group should be written, preferably in such a way that all those participating would agree to the decision. Two of these should be sent to the National Office of the Society, one for file, the other for *Dr. Franklin Folts.*

"The technique of the Round Table is to operate it as a conference with the Leader guiding the group in free discussion, but carefully refraining from expressing opinions or attempting to directly influence the conclusions. His main purpose should be to keep the discussion relevant, to encourage discussion, and to summarize progress or agreement.

"The object of discussion is primarily to develop analytical thinking rather than to convey specific knowledge. The course will be most effective if it stimulates analytical thinking and encourages the participant to use the same method in his own work.

"The procedure recommended is based on explicit instructions to follow all specifications, obvious or not, which the statement in the case presents, and is as follows:

1. Extremely careful analysis *of all factors involved.*
2. Weigh the adequacy of the program contemplated.
3. Weigh workability of plan proposed to effectuate it.
4. Endorse those contemplated in the text with proper caution, and/or
5. Recommend next move and general long-range plan."

The pilot experience demonstrated that the *Harvard Case Study Programs* were very successful in developing an analytical approach to management problems, and to a degree in teaching management principles. It is accordingly believed that the extension of this Program widely by other SAM Chapters in 1950-1951 can readily be a major method of stimulating added member interest and participation in local Chapter activities in the future.

During 1950-1951 also the Assistant Vice President for Professional Contact Groups expects, in addition to organizing and staffing the three national Committees above mentioned, to set up initial projects and programs in each of their respective Management Research areas.

NATIONAL RESEARCH PROJECTS

In this field, the work of the *Special National Committee on Rating of Time Studies* has proceeded aggressively and effectively along the lines set forth in last year's *Annual Report* of the *Management Research & Development Division.*

Under the Chairmanship of Past President *J. Keith Louden,* and the immediate day-to-day direction of *Mr. Herbert A. Lynch, Jr.,* the work at *New York University* has gone steadily forward to a point where the progress contemplated when the funds advanced by the contributing companies financing this project were collected, is now specifically in sight.

The findings and conclusions of this Committee are of such fundamental importance that they should not be prematurely reported. Hence, suffice it to say here, that when the Committee's Report is issued during the Society year of 1950-1951, it is certain to be found of major stimulation and interest for SAM conferences and programs at both the National and Chapter levels.

CONCLUSIONS

In concluding last year's *Annual Report* of SAM's *Management Research & Development Division,* its aims were quoted as follows; from an earlier report of Past President *W. L. McGrath:*

> "The purpose which has been set for the *Research Division* is that of the development of research which will advance the art and science of management through the activities and within the policy limits of the Society. The activities of this Division will be reflected in a growing recognition of the Society's 'contribution toward the advancement of management'."

The Vice President and the three Assistant Vice Presidents of the Division then went on to indicate that efforts would be made particularly to make progress during the year 1949-1950 in the following directions: —

> 1—Setting up more definite objectives for the Society in throwing its weight behind *basic research* in the field of management organization and administration.
>
> 2—Improving the specific help rendered by the SAM national organization to local Chapter of-

ficers, planning committees and discussion group leaders.

3—In outlining and completing specific research projects for the individual *Functional, Business Contact* and *Professional Contact Groups.*

4—In doing a much better job at the end of next year in preparation of this *'Annual Management Research & Development Report',* to the end that it may be of real value in improving the scope, quality and timeliness of program content for both Chapter and National Conferences.

5—In completing the membership of Committees where vacancies still exist.

6—In establishing patterns to originate and promote use of the increasingly valuable ideas and help available from the carefully selected members of the national *Research and Development Committees.*

7—In improving liaison with the Society's national office; with the Vice President for Chapter Operations & Development and for Student Chapters; with all local Chapters; with the Society's members generally; and with the general public.

8—In following through to assure results from the programs developed through special national research task forces such as the *Committee on Management Education* which completed its activities this year.

9—In continuing a running review of SAM Conference programs over the last decade; particularly to be critical of content, to the end that the programs of future conferences may be as constructive as possible from the standpoint of the members and may render more fundamental contributions to the principles of advancement of management.

10—To improve the number and quality of articles available, both from Committee members and from local Chapter sources, for publication in the Society's magazine *"Advanced Management."*

11—To exploit more adequately the publicity possibilities inherent in the fundamental work done in the Society's research projects and programs, bearing in mind particularly that the constitution sets forth as an aim 'to impart to the public information concerning said principles and their various applications for the general betterment of society * * *.'

This was an ambitious set of objectives. Perusal of this year's report of progress above is accordingly both encouraging and discouraging; the former because a great deal of basic work in the direction of such objectives was obviously accomplished during the Society year just finished, and the latter because plainly so much still remains to be done.

Consequently, in concluding this Report for 1949-1950, the Division officers and group Directors wish merely to restate the above list of objectives as still setting forth their main guideposts in steering the Division's projects for the year ahead.

Again, it is the ultimate aim of the SAM *Management Research & Development Division* to stimulate much broader interest, among Society members generally, in the *principles* of management and in finding better ways constantly—especially through local Chapter activities—to aid SAM members in applying such principles to advance management in a practical way in their own companies, enterprises and personal fields of interest.

As indicated in earlier Reports, this is essentially a long-range activity which requires continuity and perseverance if its results are slowly to become worthwhile and cumulative. It is suggested that the unselfish work of the Assistant Vice Presidents, the Group Directors and their respective National Committee members, has been carried out in this spirit during 1949-1950 to the benefit in some measure of all members of the Society. Truly such efforts, in a small way at least, are aiding all members to,

> "Understand and have a clear vision of the things in management that are worthwhile and enduring."

The Cost Reduction Scout

(EDITOR'S NOTE: This introduces a new feature. From time to time, as material permits, we will present news of new ideas, machines or materials that demonstrate possibilities for practical cost reductions. Performance claims for items described here will be noted as claims unless actual demonstration or verifiable experience is presented to establish them.)

AUTOMATIC SELECTION IN FILING. Inventors claim electric selection of file cards for quick and accurate reference combined with elimination of refiling. *The following claims are made*: any one card or group of cards may be easily selected by placing card tray on a selector, depressing a code key on the keyboard of the device, then moving an operating bar. The desired card immediately is moved out of alignment in the tray ready for withdrawal.

REFILING IS MADE UNNECESSARY because card may be placed anywhere in the tray and when correct code symbols are fed to keyboard it is immediately found. No alphabetical or numerical sequence need be followed in filing and the device can eliminate any need for cross indexing or keeping duplicate records.

Full use of this equipment for cost reduction should be possible where frequent reference to a large number of cards is made.

Cards are coded by cutting tabs with unit located behind keyboard. Tabs for coding may spell full names, use abbreviations or four digit code numbers. The four digit code will accurately select most required cards and speed up selection.

REPORTS ARE SIMPLIFIED by use of this method because cards may be kept permanently in report order.

Maintenance is claimed to be easy, operation simple and "foolproof," no special training being required after initial demonstration.

Further details can be obtained through *Cost Reduction Scout, Box 750, Advanced Management.*

Report on

Coordinating Manufacturing With Sales

Prepared by
S.A.M. MANUFACTURING COMMITTEE
MANAGEMENT RESEARCH AND DEVELOPMENT DIVISION

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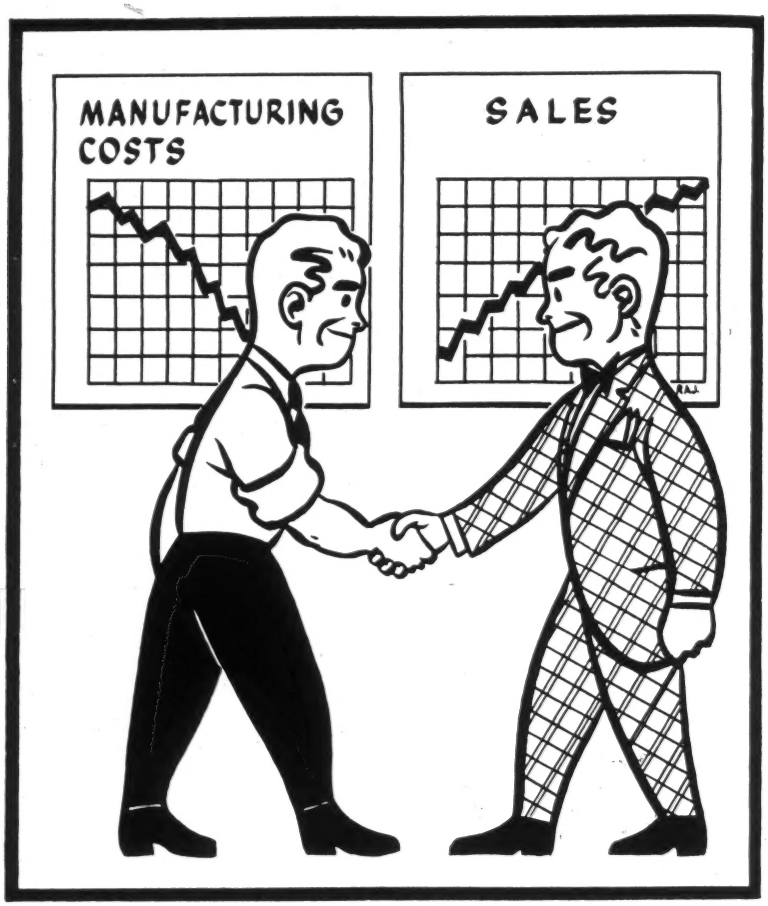


SINCE the end of World War II it has become more and more evident that drastic steps must be taken to increase our production, while at the same time reducing unit production costs. This is brought about by the fact that the cost of manufacturing a product today has risen to such an extent that the margin of profit on most goods has diminished considerably. It is a well-known fact that business cannot survive for long on a shrinking profit margin and a static sales market. If these adjustments have not been made then prices have probably been increased in order to retain a safe margin of profit, and as a result products are overpriced and sales are suffering. It is therefore essential that business make a concentrated effort to increase production, lower prices, and create a greater demand for low-cost quality products.

Competition has once again become a reality. We are no longer able to rest on our laurels in a high demand—almost, at times, insatiable—market. We are no longer able to tell the customer that it will be two months before we can give him his order and get away with it; nor can we afford to over-produce and exceed demand. In the one case we lose the customer—in the other we tie up needed capital. Therefore, it has become increasingly more important for management to carefully work out the problems of producing and selling goods in order to satisfy the customer by giving him the best possible product at a fair price and at a time when it is needed and wanted. Is it not true, then, that this return to a competitive market is making it more and more essential to have close coordination between the man who makes the product and the man who sells it?

TODAY'S OUTSTANDING PROBLEM

When the *Manufacturing Committee* was formed it began an intensive study to ferret out what it felt to be the most outstanding problems facing business today. After careful consideration the members of the Committee decided that this subject of "*Coordinating Manufacturing with Sales*" was one of primary and timely importance, and that it would devote its attention to his problem.

A survey was made to obtain information as to how various companies in different industries were attempting to obtain such coordination. A detailed questionnaire was prepared and sent to many companies, sixty-nine of which responded to the request for information.

It was felt by the Committee that a report on the findings of this survey would supply valuable information for comparing the methods employed by various companies in their attempts to coordinate manufacturing the product with sales efforts and requirements. The following is, therefore, based upon the answers received to the questionnaire, and is an attempt to present this information in a simple form. The findings are expressed in percentages of the total number of companies participating in an effort to afford an opportunity to determine how the majority of compan-

ies are facing and solving this increasingly important problem.

In the interest of getting these facts on the record as soon as possible no attempt has been made to develop conclusions in this report.

Completing questionnaires is seldom a pleasant task, and the members of the *Manufacturing Committee* would like to express their sincere appreciation to the participating companies for their fine cooperation—without which this report would not have been possible.

SCOPE OF THE SURVEY

Questionnaires were sent out to 100 companies.

Completed questionnaires were returned by 69 companies.

Some of the products made by these companies are: —

Pottery Products
Rare Metal Products
Textiles
Chemicals
Wire and Cable
Safety Equipment
Tobacco
Printing
Prefabricated Houses
Glass Products
Electrical Products
Foods
Machinery (Various)
Railroad Equipment
Aircraft
Paints
Air-Conditioning Equipment

SUMMARY OF SURVEY

CHARACTERISTICS OF COMPANIES SURVEYED:

TYPES OF MANUFACTURING:	
Job Lot	64%
Batch	32%
Continuous	54%
TYPES OF MERCHANDISING:	
Direct Sales	70%
Branch Sales	23%
Distributor Sales	49%
Jobber Sales	46%
Retail Sales	10%

PERCENTAGES OF EMPLOYEES: IN MANUFACTURING & SALES

Total Employees	Mfrg	Sales
0- 100	96.2%	3.8%
101- 500	90.4%	9.6%
501-1000	87.5%	12.5%
1001-2500	92.3%	7.7%
2501-6000	92.2%	7.8%

CHARACTERISTICS OF SALES:	
Seasonal	43%
Continuous	54%
Consumer Demand	59%

QUESTIONS ASKED OF COMPANIES SURVEYED:

"HOW IS THE COMPANY'S COORDINATION OF MANUFACTURING AND SALES PROGRAM ORGANIZED?"

A. WHAT IS THE APPROACH?

1. Detailed and planned	64%
2. Informal	39%

B. WHAT ARE THE DEPARTMENTS INCLUDED?

1. Sales	90%
2. Production	91%
3. Product engineering	54%
4. Industrial Engineering	41%
5. Accounting	51%
6. Budget	42%
7. Purchasing	62%
8. Product Research	35%
9. Market Research	25%
10. Other	17%

C. IS THE PROGRAM CENTRALIZED?

No	6%
Yes	55%

D. WHO DIRECTS THE PROGRAM?

1. Plant Manager	29%
2. Sales Manager	30%
3. Chief Industrial Engineer	3%
4. Director of Market Research	
5. Budget Director	3%
6. Top Executive	67%
7. Other	12%

E. WHO HAS FINAL AUTHORITY TO APPROVE RECOMMENDATIONS ARISING OUT OF PROGRAM FOR COORDINATING MANUFACTURING WITH SALES?

1. Top Executive	74%
2. Director of Market Research	
3. Budget Director	
4. Joint Authority	20%
5. Other	13%

"WHAT ARE THE FACTORS CONSIDERED IN COORDINATING MANUFACTURING WITH SALES?"

1. Market potential	71%
2. Sales measurement	46%
3. Sales prices	52%
4. Sales methods	30%
5. Distribution facilities	28%
6. Warehousing	29%
7. Past history of sales	71%
8. Market trends and growth	65%
9. Sales budget	36%
10. Product design	39%
11. Production planning and scheduling	61%
12. Production standards	35%
13. Production budgets	20%
14. Production capacity	72%
15. Size of inventory	58%
16. Economical lot sizes	46%
17. Manufacturing to existing orders	64%
18. Manufacturing to anticipated orders	54%
19. Procurement of materials	49%
20. Personnel	36%
21. Other	7%

"WHAT IS THE ORGANIZATIONAL PROCEDURE FOR COORDINATING MANUFACTURING WITH SALES?"

1. Executive directive	42%
2. Committee	45%
3. Special organizational unit	4%
4. Other	10%

"ARE YARDSTICKS USED IN THE COORDINATION OF MANUFACTURING WITH SALES?"

1. Sales Standards, quotas, goals, etc.	
Market potential	67%
Past history	72%
Other	19%
2. Production Standards, norms, goals, etc.	
Engineering studies	49%
Past history	59%
Other	6%
3. Budgets	
Flexible	57%
Other	7%
4. Break even points	33%
5. Other	12%

OF THE ABOVE, WHICH IS THE CONTROLLING "YARDSTICK UPON WHICH DECISIONS ARE BASED?

1. Sales Standards	59%
2. Production Standards	12%
3. Budgets	10%
4. Break even points	9%
5. Other	9%

WHICH IS CONSIDERED THE MOST IMPORTANT RESULT OF THE PROGRAM FOR COORDINATING MANUFACTURING WITH SALES?

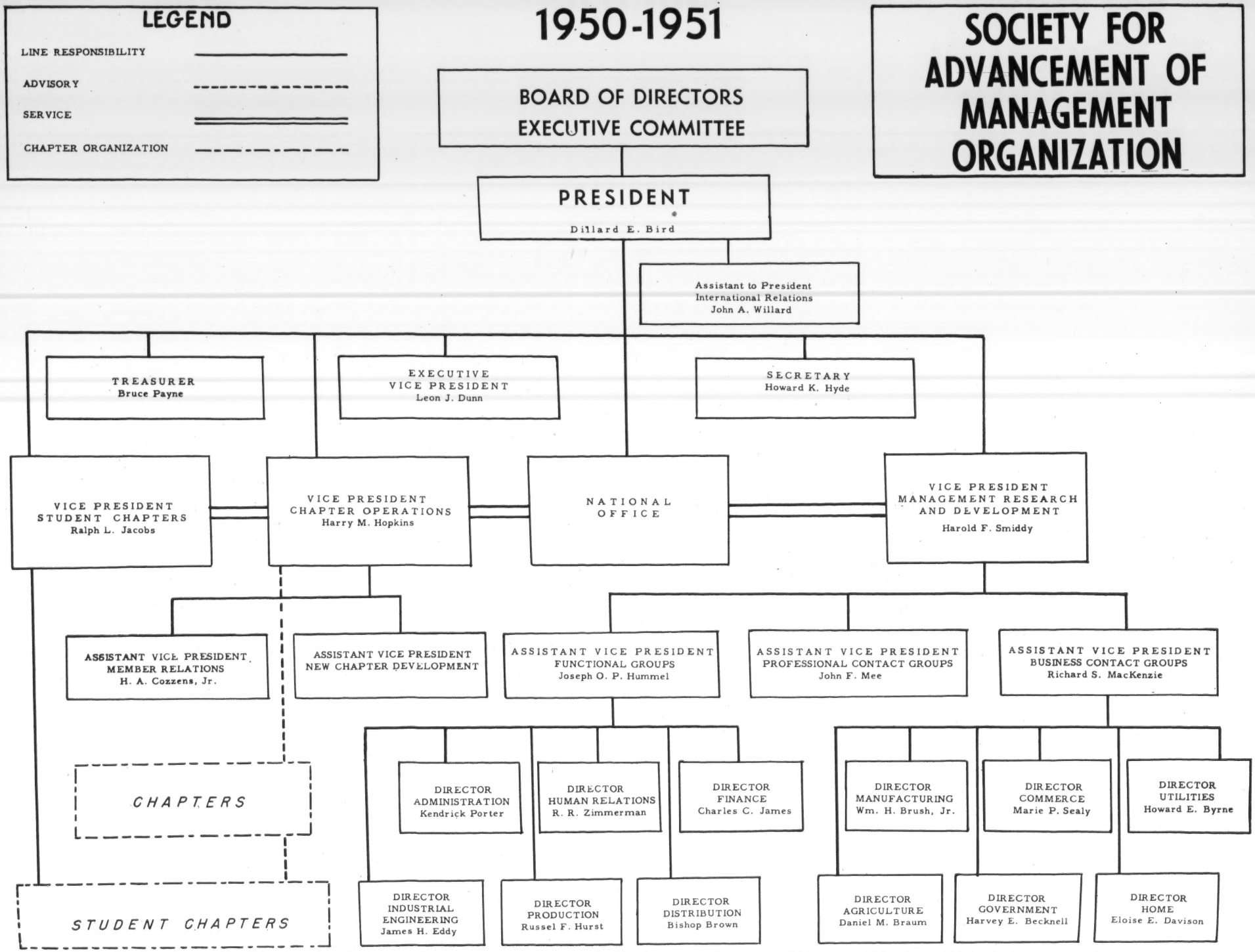
1. Aids to increasing business volume	62%
2. Aids to customer service	54%
3. Reducing costs	54%
4. Increasing administrative effectiveness	23%
5. Aids to future business planning	12%
6. Aids to planning and authorization of capital investment	23%
7. Aids to determining proper inventories	49%
8. Aids to sales forecasting	23%
9. Other	16%

SOCIETY FOR ADVANCEMENT OF MANAGEMENT ORGANIZATION

1950-1951

LEGEND

- LINE RESPONSIBILITY
- ADVISORY
- SERVICE
- CHAPTER ORGANIZATION



SOCIETY FOR ADVANCEMENT OF MANAGEMENT

FIRM MEMBERS

Accurate Parts Mfg. Co.
Ajax Metal Co.
Albany Felt Co.
Albers Super Markets, Inc.
Aldens, Inc.
Allegheny Ludlum Steel Corp.
Alliance Mfg. Co.
Allis-Chalmers Mfg. Co.
Aluminum Industries, Inc.
American Abrasive Metals Co.
American Brake Shoe Co.
American Laundry Machinery Co.
American National Bank
American Tag Company
American Tool Works Co.
American Zinc Co. of Tennessee
Anchor Hocking Glass Corp.
Angelica Jacket Company
Anheuser-Busch, Inc.
Ansul Chemical Company
Anvil Brand, Inc.
Armco Steel Corp.
Atlantic Refining Co.
Atlas-Boxmakers, Inc.
Avondale Mills
Baird Associates, Inc.
Ball Brothers Co., Inc.
Barre Wool Combing Co.
Barrington Associates, Inc.
Beckett Paper Co.
Behr-Manning Corp.
Bendix Aviation Corp.
Bigelow Sanford Carpet Co., Inc.
Black-Clawson Co.
Blue Bell, Inc.
Blue Ridge Manufacturers, Inc.
Sidney Blumenthal & Co., Inc.
Bristol-Meyers Co.
Buckeye Foundry Co.
Edward G. Budd Mfg. Co.
Calvert Distilling Co.
Cameron Manufacturing Corp.
Canadian Ingersoll-Rand Co., Inc.
Capital Transit Co.
Casco Products
Champion Paper & Fibre Co.
Chattanooga Implement & Mfg. Co.
Cherokee Textile Mills
Chesapeake and Ohio Railway Co.
Chesapeake & Potomac Telephone Co.
Cincinnati Gas & Electric Co.
Cincinnati Gear Co.
Cincinnati Gilbert Machine Tool Co.
Cincinnati Industries, Inc.
Cincinnati Milling Machine Co.
Cincinnati Shaper Co.
C. I. T. Corp.
City Baking Co.
Clifton Corporation
Clopay Corp.
Cold Spring Bleachery
Colgate Palmolive Peet Co.
Cone Mills Corp.
Conmar Products Corp.
Connecticut General Life Insurance Co.
Continental Can Co.
Corn Products Refining Co.
Cornell Wood Products Co.
Coro, Inc.
Creole Petroleum Corp.
Croname, Inc.
Crosley, Inc.
Crown Can Co.
Dallas Iron & Wire Works, Inc.
Dan River Mills, Inc.
Davison Chemical Corp.
Delmonico Foods, Inc.
Dempster Brothers, Inc.
Dennison Mfg. Co.
Diamond Expansion Bolt Co., Inc.
A. B. Dick Co.
Charles Wm. Doepke Mfg. Co.
R. R. Donnelley & Sons Co.
Drackett Co.
Drake, Startzman, Sheahan, B. Barclay, Inc.
Draper Corp.
Wilbur B. Driver Co.
Dunlop Rubber Co., Ind.
Duplan Corp.
Duriron Co.
Eagle Picher Co.
East Boston Lamp Works, General Electric Co.
Eastman Kodak Co.
Electric Storage Battery Co.
Electro Manganese Corp.
Ethicon Suture Laboratories, Inc.
Farrell-Cheek Steel Co.
Fashion Frocks, Inc.
Federal Enameling & Stamping Co.
Federal Reserve Bank of Philadelphia
Finest Foods, Inc.
Edwin H. Fitler Co.
Ford Motor Co.
Formica Insulation Co.
Franklin Baker Div., General Foods Corp.
Frankfort Distilleries, Inc.
George Fry and Associates
Gardner Board & Carton Co.
General Aniline & Film Corp.
General Electric Company
General Linen Supply & Laundry Co.
General Shoe Corp.
Gibson Art Co.
Gifford-Wood Co.
Glen Raven Cotton Mills, Inc.
Globe Wernicke Co.
Godchaux Sugars, Inc.
Graver Tank & Mfg. Co., Inc.
G. A. Gray Co.
Green Spring Dairy
Griffenhagen and Associates
Hadley-Peoples Mfg. Co.
W. F. Hall Printing Co.
Hamilton Foundry & Machine Co.
Hardware Mutual Casualty Co.
Harris-Seybold Co.
Hassenfeld Brothers, Inc.
Herff Jones Co.
Hershey Machine & Foundry Co.
Hickok Electrical Instrument Co.
Hilton-Davis Chemical Co.
Hoener Corp.
Hollinger Consolidated Gold Mines, Ltd.
D. H. Holmes Co., Ltd.
F. X. Hooper Company, Inc.
Houston Fire & Casualty Ins. Co.
J. L. Hudson Co.
F. C. Huyck & Sons
Hydraulic Equipment Co.
Illinois Watch Case Co.
Indiana Steel Products Co.
International Business Machine Corp.
International Envelope Co.
Andrew Jergens Co.
Johns-Manville Products Co.
Joy Manufacturing Co., Mines Equipment Div.
A. D. Juilliard & Co., Inc. Atlantic Mills
Jung Products, Inc.
Kaiser Frazer Engine Division
R. & M. Kaufmann, Inc.
Keasbey & Mattison Co.
M. W. Kellogg Co.
Kirk and Blum Mfg. Co.
Kroger Grocery and Baking Co.
Kuhns Brothers Co.
Lamson & Sessions Co.
Lane Co., Inc.
Lansing Drop Forge Co.
Lebanon Steel Foundry
R. K. LeBlond Machine Tool Co.
Lever Brothers Co.
Levinson Steel Co.
Lexington Electric Products Co.
Link-Belt Co.
Lockwood Mfg. Co.
Lodge & Shipley Machine Tool Co.
Lone Star Gas Co.
Louden Machinery Co.
Louisiana Coca-Cola Bottling Co., Ltd.
Lowe Paper Co.
Lunkenheimer Co.
McBee Company
McClure, Hadden and Ortman, Inc.